

**U.S. ENERGY SECURITY POLICY
TOWARDS CENTRAL ASIA: 1992-2004**

*Dissertation Submitted to Jawaharlal Nehru University in Partial
Fulfilment of the Requirement for the Award of the Degree of*

MASTER OF PHILOSOPHY

DEEPIKA SINGH



**CENTRE FOR AMERICAN AND WEST EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWHARLAL NEHRU UNIVERSITY
NEW DELHI-110067**

2005



CENTRE FOR CANADIAN, US AND LATIN AMERICAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES

JAWAHARLAL NEHRU UNIVERSITY

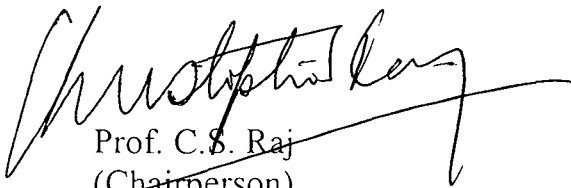
NEW DELHI - 110067

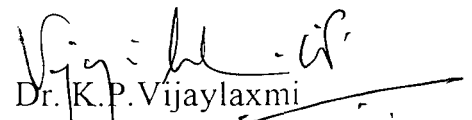
21 July 2005

CERTIFICATE

Certified that the dissertation entitled, "U.S. ENERGY SECURITY POLICY TOWARDS CENTRAL ASIA: 1992-2004" submitted by DEEPIKA SINGH, in partial fulfillment for the award of the degree of Master of Philosophy, of this university is her original work. This dissertation has not been submitted for any other degree of this or any other university.

We recommend that this dissertation be placed before the examiners for evaluation.


Prof. C.S. Raj
(Chairperson)


Dr. K.P. Vijaylaxmi
(Supervisor)

Dedicated

TO

Mummy & Papa

Contents

| | |
|---|---------------|
| Acknowledgement | i |
| Chapter I | 1-16 |
| Introduction | |
| Chapter II | 17-43 |
| Continuity and Change in US Energy Policy | |
| Chapter III | 44-65 |
| Debates in US Congress in Shaping Energy Policy towards Central Asia | |
| Chapter IV | 66-93 |
| Response of Central Asia on US Policy | |
| Conclusion | 94-98 |
| Bibliography | 99-107 |

ACKNOWLEDGEMENT

I am truly indebted to my supervisor Dr K.P. Vijyalaxmi whose motherly guidance and support had been the source of inspiration. I am thankful for her valuable support to tackle the subject of my research work.

I would like to thank Prof. Chintamani Mahapatra and Prof. C.S. Raj whose stimulating lectures have been useful in broadening the mental horizon and there by understanding the subject correctly.

I am thankful to various libraries in Delhi viz. library of Jawaharlal Nehru University, American Resource Center, Institute of Defense Studies and Analysis Library and the library of Teenmurthy Bhavan, and their staff members for their help and cooperation.

I would like to thank Bhaiya who has always been a pillar of strength and motivating force for me. His critical evaluations are valuable for me.

Again, my heartiest thanks to Minu dee, Satyarth, and Dheeraj jee. I am wordless to express their caring and sharing during the course of writing this dissertation.

My heartiest thanks to Amrendra jee without whose affection, cooperation and the invaluable help, this work would have been difficult to accomplish. In true sense without his support I would not have been able to do this work.

I am thankful to my nephews Shivam, Himanshu, Manu and Raj. Their smiling faces proved to be tonic during the course of this rigorous work.

My special thanks to Goldy and Abhay jee who has been of great help in shaping this dissertation into its present form.

I am wordless for the love, support and faith which my mummy and papa have expressed in me and with whose blessings this dissertation has become a reality.

Deepika Singh
DEEPIKA SINGH 29-07-05

CHAPTER - 1

INTRODUCTION

'ENERGY SECURITY' CONCERNS IN THE U.S. FOREIGN POLICY IN THE 1990 AND BEYOND

'Energy security', a major driver of federal energy efficiency programs in the United States, came back into play as oil and gas prices rose late in the year 2000. The terrorist attack of Sep. 11, 2001 and the Iraq war of 2003

Highlighted concerns about the vulnerability of energy infrastructure and the need for alternative fuels. Further, the 2001 electricity shortages in California brought a renewed emphasis on energy conservation to dampen electricity demand; while the focus of Bush administration was on 'war on terror' the renewed emphasis on energy security became part of US calculations. However, it is important to historically trace the context of energy policy in order to understand the present policy nuances. In order to understand the US's present energy policy, a broader understanding of the concept of 'energy security' becomes necessary.

'Energy security' occupies a prominent place in U.S. foreign policy. Energy is the lifeblood of the every industrial society. It is often viewed as the substitute of the power of matter for the power of man. 'Energy security' can be viewed as encompassing both National Security and Economic security (in other words economic well being) that highlights the development of a nation.

Henry J. Hyde, member of the House of Representatives opened that the national security of the United States depends on the reliable supply of energy. He

declared that "we count on energy to protect our security, to fuel our cars, to provide heat and to manufacture goods and supplies" According to him an interruption in the flow of oil will be considered as a vital threat to national security. If such interruption is caused by the actions of a hostile state or guerilla group, it could be cited as a cause of war.¹

Worldwide the link between the adequate and secure supplies of petroleum and national security was acknowledged in 1912 itself. It was the time of Winston Churchill when he declared the conversion of all British warships from coal to oil propulsion in order to enhance their range and speed. He also persuaded the British Government to nationalise the Anglo-Persian Oil Company (APOC) which is at present known as British Petroleum.

The United State also began to view petroleum through a national security level during 1912. Since United States possessed huge supply of untapped oil, it did not deploy forces in protecting overseas supplies. It was only after the World War II, especially during the middle of the war when United States realised the necessity of securing the foreign sources of energy. Keeping in mind the depletion of the America's domestic supplies, the Roosevelt Administration sought to gain control over the reliable sources of foreign petroleum. The source chosen for this purpose was Saudi Arabia.²

Since the end of World War II, the link between oil and national security has become a significant theme. Many analysts argue that American reserves are dwindling and it is becoming more and more dependent on foreign sources of oil as

¹ Timothy E. Wirth, C. Boyden Gray and John D. Podesta, " The future Energy Policy", Foreign Affair (New York), July August 2003, pp. 132-140

² Don E. Kash, US Engery Policy crisis and Complacency, (Norman: University of Oklahoma Press), 1984

some of them even may be located in areas of instability and conflict, in this changed scenario the nexus between oil and national security is likely to occupy a prominent place in US foreign policy. Central Asian Republics are the best example of this changed scenario. This reality was acknowledged by the Bush administration in 2000 report of National Energy Policy Development Group, "on our present course". The report says "America 20 years from now will import two of every three barrels of oil- a condition of increased dependency on foreign powers that do not always have America's interest at heart." From the above statement it can be derived that such situations may lead to increased focus on supply of energy to the US as an important aspect of US foreign policy. Further it could also explain the military involvement in areas that supply petroleum to the United States In fact the criticality of excess and supply of energy to the US has made "energy security" an important aspect of US foreign policy³.

It is surprising that even during 1950s, a few petroleum geologists and economists were predicting the approaching exhaustion of US oil reserves. But according to economists John Blair, their analyses were published in academic journals or congressional hearing therefore it was ignored or forgotten. In the words of Dr. Blair "Warning of an impending shortage was highly inconvenient to a government embarked on a program designed to enlarge the oil producers profit by excluding that were then low cost foreign imports". Government geologists were among the first to predict that US oil resources would diminish more rapidly than was generally believed. In a report published in 1956 Mr. Hubert stated that nation's oil production would rise steadily until 1970 and then begin a sustained and irreversible

³ E. D. Shaffer, The United States and the Control of World Oil, (London: Croom Helm, 1983) pp 113-140.

decline. This prediction proved astonishingly accurate. After decades there was annual increase in domestic crude oil production in 1970 at 9.6 million barrel a day. Since then crude oil production in United States has declined. US oil production rose during the first six months of 1978 because of the influx of oil from Alaska.⁴

As domestic oil production leveled off and then declined, the United States became dependent on more and more on imported oil. Between 1969 and 1972 the United States expanded its oil import by 52%. Most of the increment in oil import came from Middle East. In 1972 the United States received 850,000 barrel of Arab oil a day which represented 17.9% of all US oil import.⁵

The answer to the question regarding the energy crisis has always been the search of new energy sources. In fact the immediate reaction of the President and Congress was to look for new sources of energy and in particular for energy that could be supplied by new technologies. A plethora of technological fixes was offered. Almost overnight the number of possible new energy resources doubled. Added to the list of energy resources that the nation was already using were oil shale tar sand, geothermal resources, organic wastes, solar energy and conservation as well as new technologies designed to use the conventional fuel sources. Unfortunately most of the newly proposed alternatives were characterised by a high degree of uncertainty. They were not commercially available “off the shelf”. That is there was no agreement within the scientific-technological community about when these proposed new sources could be made available, at what price and with what environmental consequences. The wide range of options, surrounded by technical, economic and

⁴ Quoted in *ibid.*

⁵ Charles F. Daran, Myth Oil and Politics Introduction to Political Economy, the Free Press Publication 1979pp-45-56

ecological uncertainties, complicated the process of arriving at a consensus on energy policy.⁶

'Energy Security' or the United States' International Oil Policy can be viewed as the careful balance between the concerns for national security and domestic concerns i.e. economic well being which is defined by an indigenous interest groups. The tightness of the international oil market and the degree of United States import dependence affects the economy of the country which plays a crucial role in shaping international energy policy. This tightness of the international oil market leads to increased prices. This may lead to decrease in US production capacity and subsequently increased dependence on crude oil import. The degree of crude oil market tightness thus affects numerous economic actors in the United States such as consumers, independent oil producers as well as the American transnational .The world oil shock of 1973 began October 17, 1973, when Arab members of the Organization of Petroleum Exporting Countries (OPEC), in the midst of the Yom Kippur War, announced that they would no longer ship petroleum to nations that had supported Israel in its conflict with Egypt—that is, to the United States and its allies in Western Europe. At around the same time, OPEC-member states agreed to use their leverage over the world price-setting mechanism for oil to quadruple world oil prices. It was acknowledged by the US that the entire industrialized world is on oil, much of which resided beneath the surface of Middle Eastern countries. The Arab-Israeli conflict triggered an energy crisis in the making. Before the embargo, the industrialized West, especially the United States, had taken cheap and the persistence

⁶ US Foreign Policy Report Published by Congressional Quarterly Inc (Washington D.C, 1978) pp-131-151.

flow of oil .But the Arab-Israeli conflict finally triggered a response that transformed OPEC from a mere cartel into a formidable political force.

After the Six Day War of 1967 the Arab members of OPEC formed a separate, overlapping group (Organization of Arab Petroleum Exporting Countries) for the purpose of centering policy and exerting pressure on the West over its support of Israel. Egypt and Syria, though not major oil-exporting countries, joined the latter grouping to help articulate its objectives. Later, the Yom Kippur War of 1973 galvanized Arab opinion. Furious at the emergency re-supply effort that had enabled Israel to withstand Egyptian and Syrian forces, the Arab world imposed the 1973 oil embargo against the United States, Western Europe, and Japan. By the early 1970s the great Western oil conglomerates suddenly faced a unified bloc of producers. As mentioned, the Arab-Israeli conflict triggered a crisis already in the making. The West could not continue to increase its energy use 5% annually, pay low oil prices, yet sell inflation-priced goods to the petroleum producers in the Third World. This was stressed by the Shah of Iran, whose nation was the world's second-largest exporter of oil and the closest ally of the United States in the Middle East at the time.⁷

The Shah told the *New York Times* in 1973

"Of course the world price of oil is going to rise,". "Certainly! And how...You (Western nations) increased the price of wheat you sell us by 300 percent, and the same for sugar and cement... You buy our crude oil and sell it back to us, redefined as petrochemicals, at a hundred times the price you've paid to us..."

⁷ E.D Shaffer, *The United States and the Control of World Oil*, (London: room Helm, 1983) pp19-37

*It's only fair that, from now on, you should pay more for oil. Let's say 10 times more.*⁸

From the 1970s onwards demand for policy action on energy issues reached a high crescendo in the US. From 1973 to 1980 three presidents and four Congresses struggled continuously to formulate an effective energy policy for the nation. Cheap, abundant energy has been the motive of American industrial society. The energy short fall of the early 1970s and the rapid escalation in prices of oil immediately affected nearly every American citizen. The magnitude of crisis placed the government under considerable pressure to formulate a national energy policy to achieve these goals. From 1974 to 1992 Congress established several complementary programs, primarily at the Department of Energy (DOE) to implement energy saving measures in virtually every sector of societal activity. These energy efficiency and energy conservation programs were located originally in response to national oil import security and economic stability concerns.⁹

In the year preceding the oil embargo of 1973, energy supply processes in the United States organised around five distinct fuel sources - oil, natural gas, coal and the Nuclear Power and electricity - the primary purposes of these policies was to increase energy resources domestically, so as to meet the twin goals of energy independence and non-reliance on foreign sources of energy. Until the 1973 oil embargo there was no serious national energy policy system in the United States. There existed a few autonomous policy systems for the above mentioned fuels. But the 1973 oil embargo starkly demonstrated the inadequacy of the fuel policy.

⁸ New York Times 1973

⁹ Gregory Treverton (ed). Energy and Security (Mont Clair: International Institute for strategic Studies, 1980). pp. 1-2.

A need for comprehensive approach to energy was felt for the post-embargo period. This led to the creation of Department of Energy in 1977, which was made responsible for articulating and managing US energy policy.¹⁰

Containing some 2/3 of the world's petroleum reserves, the Middle East region soon emerged not only a chief supplier of petroleum to the US allies but also a source of much needed energy for the United States. The oil crisis of 1973 triggered of a major problem for the industrial democracies. The United States in due course of time realised that it could no longer manage its relationships with the Persian Gulf countries At the beginning of 1974 President Nixon launched 'Project Independence'. It was America's response to the Arab Oil embargo. The aim of the project was to achieve self-sufficiency in energy production. Unfortunately the dependency of United States on imported oil was increasing. This problem compounded by having no national energy policy. At this juncture though the 'Project Independence' did not chart any policies, it became an important document. The Executions and the Legislative branches of the federal government began to address energy problem in a more substantive way. However, the lack of consensus that prevailed between the Congress and the president,. on energy issue was expressed by an analyst in the following words.

"This then is our energy problem: we are vulnerable but divided, when reducing our vulnerability requires that we are able to act with a kind of purpose and determination that, in our system, requires a very broad consensus. We need to begin a long and difficult transition, but we are not able to agree to what, in which directions, and with what first steps. Clearly our alternatives are many, the

¹⁰ Quoted in *ibid.*

uncertainties are great, and the participants in energy policy making have a wide range of legitimate concerns. But if we fail to identify a path that we can travel together, the result will almost certainly be disastrous. The American people expect our economy and our system of government to deliver the energy it takes to maintain a good standard of living. If we fail to deliver, there are likely to be significant and irreversible change in our system"¹¹

The first step in evolving a consensus on energy policy required the determination of energy goals to achieve. The four goals which formed the focus of the attention during the year following the petroleum embargo were-

- Abundance
- Cheapness
- Cleanness and
- Security

By 1980 the president and the Congress were able to reach an agreement on the above mentioned four issues which were absent during the energy crisis.

After the compromise on these four issues, the foundation for a stable national energy policy came into existence. The rudimentary energy policy system that was the place by 1980 provided the framework necessary to manage both energy supply and demand and to develop new resources.¹²

¹¹ Craufurd D. Goodwin, William J. Barber, James L. Cochrane, Neil De Marchi, Joseph Yager, (ed). Energy Policy in Perspective: Today's problem, yesterday Solutions, (Washington DC: the Brookings Institution, 1981.

Energy Policy during the 1990s:

The energy crisis of 1990-1991 forced the administration to develop a national energy strategy. It convinced the Congress to enact comprehensive energy legislation and to implement them. But this energy crisis was short lived and hence the interest in energy policy soon faded. This was due to the fact that the abundant supplies of energy continued during this period. Along with this there were stable or falling real energy prices and relatively little public or political interest in national energy policy issues. This period witnessed the continued increase in the energy demand, but adequate supply was able to meet this demand without a major increase on prices until the end of the decade. This is because of this reason that no new energy policy initiatives arose very high on the policy agendas of either the Clinton administration or Congress during 1990s.¹³

One of the main characteristics of the energy policy during Clinton administration was that it was guided by environmental concern i.e. the environmental impact of energy consumption and production including the emission of greenhouse gas and the subsequent climate change. The administration hence focused on programs to encourage renewable energy, energy efficiency, alternative fuel vehicles and the increased use of natural gas in electricity generation and vehicles.

In view of the invasion of Kuwait by Iraq, in the beginning of 1990s there was a curtailment of oil export from the region and a significant increase in oil prices. This awakened the politicians and the media about the rising oil prices, dependence on Middle-East Oil, and the absence of any coherent energy policy in United States.

¹³ Paul L. Jaskow, " United States Energy Policy during the 1990", Current History (Philadelphia) March 2002, pp. 99-120.

Consequently, the (DOE) Department of Energy developed a "national energy strategy" and the policy options were provided to the President George H.W. Bush. The federal policy legislation was proposed by the Bush administration in Feb. 1991 to the Congress. This proposed legislation focused on increasing production of oil, natural gas and nuclear power. It also included oil and gas exploration in the Arctic National Wildlife Refuge. Since the proposal was very controversial, it was rejected by the Democrats and the environmentalists.

Though the debate on energy policy continued in 1992, concerns about high prices, potential shortages and dependence on imported oil faded quickly with the end of the Gulf War.¹⁴

Energy Supply, Demand and Prices during the 1990s:

US energy consumption grew by 17% between 1990 and 2000. The consumption grew in all sectors i.e. residential, commercial, Industrial and transportation during the decade. The distribution of energy use among the above mentioned sectors changed very little between 1990 and 2000. The only change which occurred during this period was that there was small increase in the share of natural gas and a small decrease in petroleum share. Oil production declined during this period and the net import of energy increased by more than 50% during the 1990s especially after the Gulf Crisis.¹⁵

Considerable changes occurred between 1999-2000 with regard to world oil, domestic natural gas and electricity market. The changes occurred during this period

¹⁴ Quoted in *ibid.*

¹⁵ Rama Sampat Kumar, "Impact of US Led war on Terrorism" Economic and Political Weekly, (Mumbai), August. 17, 2002, pp. 3414-3418.

drove the attention towards the fact that United States dependence on imported petroleum is increasing. United States Oil import increased substantially. But the scenario with regard to oil changed a little i.e. oil production in the remains less concentrated in the Persian as compared to 1973. It is believed that US petroleum import will continue to grow in the future and hence the domestic - supply side initiative will not significantly alter this trend, even if the policies with regard to the expanding the drilling opportunities on federal lands are adopted. Hence it can be deduced that American dependence on imported oil looks like something that US will have to live with for a long time.¹⁶

Impact of September 11, 2001 and Changed Nuances:

The Sep. 11, attack on the United States underlined the connection between oil and politics. It impacted on oil market particularly when it was confirmed that 15 out of 19 hijackers involved in the attack were from Saudi Arabia which constitutes 1/4 of the world's total petroleum reserves Saudi Arabia is the major power in the Organisation of Petroleum Exporting Countries (OPEC). Due to its strong position in OPEC, it can control the global price and supply of oil which makes US vulnerable. In order to reduce its vulnerability to Saudi Arabia, United States has attempted to look for an alternative for its energy requirement i.e. Iraq and Central Asia in the wake of Sep. 11, 2001 attack on the World Trade Centre and Pentagon.¹⁷

The tragedy of Sep. 11 changed the way America looks at the World. The counterstrike of Sep. 11 broke the Old barriers and opened up new horizons. The United States started looking for an alternative in order to fulfill its energy

¹⁶ Quoted in *ibid*.

¹⁷ Richard H.K. Victor, *Energy policy In America Since 1945: A Study of Business Government Relations* (Cambridge :Cambridge University Press,1984),p313.

requirement. United States has developed a policy with the following three objectives with respect to oil -

- Gaining physical access to oil through exploring production and transportation,
- Ensuring that oil was available at reasonable prices beneficial to the producing and consuming states alike.
- To exert influence on the newly independent oil rich Central Asian Republic.

America viewed Central Asia and other smaller countries as new friends in hour of need. September 11 have awakened many Americans to more than the interdependence of smaller world, to their own dependence, to their vulnerability especially in energy. The presence of the US military forces in the region is the result of this grown vulnerability in energy in the wake of Sep. 11¹⁸. The United States has stationed 1,000 troops in Uzbekistan and Kyrgyzstan with more scheduled to arrive. This development in energy objectives indicates a long term engagement of the United states towards these countries.

Fifteen sovereign and independent countries emerged after the disintegration of the Soviet Union in December 1991. Five countries namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan together constitute the Central Asian Republics (CAR). The region was cut off from their natural neighbour for several years due to their remote location, landlocked status and geopolitical position at the periphery of the Soviet empire. United States was not engaged in the region

¹⁸ Satish Chandra "Central Asia the New Great Game" Journal of Indian Ocean Studies, (New Delhi-10), April 2001, pp. 54-56.

prior to Soviet disintegration. However, the region has a good repository of oil, natural gas, gold, Uranium and other minerals with Sep. 11, 2001 attack on World Trade Centre and Pentagon a dramatic shift in the ranking of American foreign and security priorities placed Central Asia as a major focus. As the war on terrorism evolved, United States acquired oil transit rights for the passage of warplanes and military supply from several countries in Central Asia. Thus, the main objective of exploring resources of other countries in order to retain the oil resources within the US intact as long as it was economically and strategically viable linked also to its war on terror.¹⁹

In most part of the world, American foreign policy often seems inconsistent. However it did not seem to be the case with the policy towards Central Asia. Much before "9/11" there seems to have been a clear hard-headed thrust in the US foreign policy towards Central Asia. It accentuated after the terrorist attack on United States on Sep. 11, 2001. A Congressional analysis of the United States policy towards Central Asia pointed out that US policy now focuses on three inter-related activities :

- The promotion of security
- Domestic reform, and
- Energy development

The 9/11 attack led the administration to realize that "it was critical to the national interest of the United States that we greatly enhance our relation with the five central Asian countries" to prevent them from becoming "harbors for terrorism".

¹⁹ Quoted in *ibid.*

As one analyst noted, there seems to have almost a synergy between American multinational, the state Department, the Pentagon, US Aid and several think-tanks. It is also evident that such a policy seems to have been based on bipartisan support within the US Congress. US Policy goals regarding energy resources in Central Asia and south Caucasian states have included supporting their sovereignty and ties to the West, supporting US private investment, breaking the Russian monopoly over oil and gas transport routes by encouraging and building of pipelines.

The "US Pipeline Politics" with military support had begun under President Clinton, but was enhanced with the visit of the Defense Secretary Donald Rumsfeld on Dec. 2002, Vice-president Dick Cheney, a former CEO of the oil services company 'Halliburton'. It could be argued that the American "war against terrorism" has included a battle to control the energy resources of the Central Asian region.²⁰

But besides these surmises, it is worthwhile to note that the Central Asian countries also have the inherent interest in the US involvement in the region. According to this perception, US military presence will protect the CAR region from Russian dominance, Chinese and other powerful neighbouring countries encroachment. Though the countries are rich in natural resources, but due to technological know-how and foreign investments they are unable to utilize the reservoir of oil and gas. Since United State is making huge investment in the region it is proving boom for them. Six oil giants - 'Unocal', 'Total', 'Chevron', 'Pennzoil', 'Amoco' and 'Exxon' have invested heavily in enormous hydrocarbon potentials of the CAR. Their massive financing of gas pipeline and efforts to find an alternate route notwithstanding the difficulties of a gas pipeline being laid down from the gas rich field

²⁰ Shah Alam, (Pipeline Politics in the Caspian Sea Basin", Strategic Analysis (New Delhi), Jan-March 2002, pp. 5-26

of Turkmenistan via Afghanistan towards South-East in Pakistan and potentially extending it to the Indian sub-continent became evident. However Trans-Afghan pipeline continues to be perceived as a viable project as it can potentially deliver natural gas over a 1500 km. landlocked path of rough terrain. "Pipeline Politics" will certainly come to the forefront but it would be incomplete to view the American involvement in the Caspian through the prism of Oil and gas. It can be said that oil is the major part of the puzzle in the US policy towards Central Asia.²¹

²¹ Alee Resizade, " Mythology of Munificent Caspian Bonanza and its Concomitant pipeline Geopolitics", Central Asian Survey (London), 21 (1), Nov. 2002, pp. 37-54.

Chapter – 2

CONTINUTY AND CHANGE IN US ENERGY POLICY

The ability of any energy form to meet a substantial part of the nation's needs depends not only on physical, technical, and economic considerations, but on social and political ones as well. It is necessary, therefore, to have adequate reserves and resources, along with economic and environmentally acceptable methods of extracting them, converting them to usable energy, and transporting that energy to its ultimate consumer. These basic conditions, however, are not enough. Political decisions, policies, and programs based on societal consensus can facilitate or hinder the use of energy no matter what its technical or economic advantages may be.

During the several decades preceding the 1973-74 oil embargo, energy was produce in the United States in increasing quantities and at decreasing prices relative to the average price of all goods and services. This trend resulted from continually improving technologies, rising productivity, growing production and distribution capacity contributing to economic of scale, and the discovery of large sources of oil and gas in several regions of the world. Since the early 1970's, however, the picture has been quite different. Most large and easily accessible U.S. oil and gas fields have probably been discovered, existing domestic resources are being depleted, and the United States relies more and more each year on relatively expensive imported oil. Combined with the costs of increasingly stringent environmental protection

requirements, these factors act relentlessly to increase the real prices of all forms of energy.¹

U.S. energy outlook include a number of variable factors beginning with increasing demand for all forms of energy, strongly linked of economic activity and thus to employment; declining domestic production of oil (except for a temporary increase due to Alaskan production) concomitant with growing demand of it; declining domestic production of natural gas and natural gas liquids from both land and off-shore areas; rising imports if oil and oil products, mostly from OPEC and increasingly from members of the organization of Arabian Petroleum Export Countries (OAPEC) ; and finally, increasing competition for worldwide oil supplies from both industrialized and developing countries, leading to increasing international political pressure on the United States to reduce imports.²

In the contemporary world oil is a factor of great and growing consequence. It is essential to the economic well-being of any modern state. It enters largely into foreign trade and exceeds the value of any other commodity in commerce. It is a vital element in armed warfare and hence is a first essential in national defense. Since oil is a prime essential in any scheme of national security, at a time of serious international tension it may be useful to review some of the considerations which make petroleum policy an important component of a comprehensive United States foreign policy.

The element that places oil high on the calendar of international issues is not its value as a marketable commodity. Its commodity status merely reflects its uses in private enterprise. These are many and important. Entire industries depend on oil.

¹U.S. Department of Energy. Monthly Energy Review, 1978 (Washington, D.C. Department of Energy DOE/ EIA- 0035/6).

²Walter J. Levy "U S Energy Policy in a world context, Petroleum Intelligence weekly" April 11, 1977

Chemical science and engineering have progressed so far in breaking down crude petroleum into basic constituents that a great variety of substance essential to the welfare of society can be fabricated from it. Transportation by land, by water and by air, by public carriers and private vehicles, depends in large measure on oil products. So does the country's vast highway system, its arrangement and construction of modern business centers and residential areas. So do many agricultural processes. Petroleum now has some reference to most peacetime activities in all civilized countries³.

It is particularly germane to the present discussion; however, to note that petroleum products are not less essential to the conduct of war than to the activities of peace. Among its present multitudinous uses it is most importantly a fuel and a lubricant. The fuels which activate the tractor, the diesel locomotive, the ocean liner the automobile and the passenger plane also move the tank, the jeep, the aircraft carrier, the several types of fighting planes and bombers, the logistical and hospital services. In the contemporary world oil is power. It is power in time of peace to develop and maintain great industrial establishments, power in time of war to expand industry and to energize a nation in combat⁴. Atomic forces in time may partially supersede those now derived from oil, but in the visible future oil is not likely to be displaced as the principle source of mobile power. Neither the plutonium nor the perspective hydrogen bomb would have military or political significance expect from

³Department of Energy, Report to the president of United States,(Washington DC 20585),March 1987,pp-47-55

⁴ ibid

the possibility of transport and delivery by machines powered by petroleum derivatives⁵.

If war on a global scale and total basis could be ruled out of human affairs, oil problem would be resolved into questions of supply and demand and the extend of oil needs could be estimated well in advance without much labor. In the present state of world affairs, where war may occur at any moment and without warning, oil as the first among the sinews of war has a value beyond measurement in commercial terms. The extent of oil requirements in an emergency in which the survival of the nation is at stake can hardly be reckoned. It is only certain that in such an event oil requirements would soar immediately far beyond those of peacetime and that the insistence of the demand for oil supplies would be directly in proportion to the estimated danger to vital national interest. Oil supply thus takes a place of great consequence in all consideration of national security, whether in time of war or in time of peace⁶. The imponderables of war enter into every commercial transaction in oil, every change in attitude on the part of an oil producing state, and, in fact, into every thing touching discovery, the production, the refining, and the final utilization of oil. Even in “normal” times nothing that concern oil supply ever is entirely normal: the commodity value of oil is affected by its political value⁷.

In the course of hearing before the special subcommittee on petroleum of the committee on Armed services of the House of Representatives in 1948, the former Petroleum Administrator for war, Mr. Ickes, stated that, beyond a few local rules and

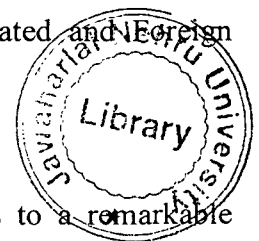
⁵Department Of Energy, Energy Security, A Report To The president of United States,(Washington, dc 20385),March 1987-pp1-9.

⁶US Foreign Policy Future Directions, Congressional Quarterly Inc,(Washington DC),1977,pp131-151.

⁷ ibid

TH-12839

regulations, the United States had no oil policy.⁸ It appears doubtful that, in the interval which has elapsed since that statement was made, decisions has been taken or long-range planes made by the public authorities sufficiently succinct and inclusive to be termed an oil policy with respect to American foreign relations.⁹ It is not entirely true, of course, that there is no United States oil policy: there are practices amounting to segments of policy relating to particular aspects of oil production, transportation and marketing, both at home and abroad, some of them the. Statement made by the Assistant Secreatry of state for Economic Affeirs before the Special Subcommittee on Petroleum of the House Committee on Integrated and Foreign Commerce work of the oil industry, some of them evolutionary practices, still others the fruit of administrative decisions by various government agencies. These are not necessarily integrated, nor do they cover all of the ground in which matters relating to oil enter into foreign relations. There is no clear evidence, therefore, that the United States has yet achieved a well-integrated, master policy covering short-term and long-term oil programs conceived to be adapted to the possible exigencies of war a Statement made by the Assistant Secreatry of state for Economic Affeirs before the Special Subcommittee on Petroleum of the House Committee on Integrated and Foreign Commerce s well as to the more "normal" circumstances or peace.¹⁰



The United States has become dependent on oil products to a remarkable degree. with about one-third of the estimated proved oil reserves of the world, and a

⁸ . Quoted in U.S Congress, House of Representatives, Special Subcommittee on Petroleum Committee on Armed Services,, Hearings on "Petroleum for National Defense", 80th cong, 2nd session, (1994), pp, 758, 766.

⁹ US, Department Of State Bulletin, . Statement made by the Assistant Secretary of state for Economic Affairs before the Special Subcommittee on Petroleum of the House Committee on Integrated and Foreign Commerce, Vol. 22 (April-24, 1950), pp, 644 – 645.

¹⁰ US, Congress, House of Representatives, Select Committee on Small Business, Hearing on the "Effects of Foreign Oil Impact of Independent Domestic Producer", A Report of the National Petroleum Council, A National Oil Policy for the United States (Washington, 1949), , 81st Cong , 1st Session, (1949), pp. 320, 426-428.



much smaller proportion than that of what are usually estimated to be the ultimate potential global reserves, it consumes in peacetime something like two-third of all the oil used in the world.

Energy is fundamental to U.S domestic prosperity and national security. In fact, the complex ties between energy and U.S. national interest have drawn tighter over time. The advent of globalization, the growing gap between rich and power, the war on terrorism, and the need to safeguard the earth's environment are intertwined with energy concerns.

One of the foreign policy challenges that the United States faced during the post cold war era was how to gain and secure adequate access to oil and natural gas reserves in the first half of the 21'st century.

In order to understand the US energy policy a greater understanding of US energy policy particularly in terms of oil and natural gas are required. For this matter policies preceding to Arab oil Embargo in general and post embargo period should be examined. The present US energy policy can only be analyzed in the historical context of pre oil embargo and post embargo period.

In the year preceding the embargo, energy policy processes in the United States were organized around five distinctive fuels sources-oil, natural gas, coal, nuclear power and electricity. There was no integrated policy system for each fuels rather an autonomous policy system for each fuel existed by the 1960's. The United

States did not have anything that could be termed as an overall energy policy system.¹¹

By 1973, the country started importing more than 30 percent of its oil and a considerable portion of that came from “insecure” suppliers. But in spite of this there was lack of any policy through which such situations could be handled and imports could be denied.

Though by that time the fuel system existed but it was developed when there was domestic surplus of all five fuels. Due to this reason they found themselves helpless and unable in responding to the radically different energy environment of 1970's.¹²

The Arab Embargo of 1973 demonstrated the inadequacy of the fuel system in a dramatic way. The energy crisis was triggered because the nation was not able to respond comprehensively and systematically to the denial of petroleum .As a result , the need for an integrated fuel system was realized. United States started thinking in terms of fuel trade-off and energy was placed on the national policy agenda. The president and the congress started looking for substitute for oil, linkages and coordination between highly sophisticated energy researches got initiated. Exploration, production and transportation and utilization activities were given consideration importance. The spectrum of costs, risks, and benefit of a wide range of energy choices were examined. In other words it can be said that the post embargo

¹¹ Patrick L. Clawson (ed), Energy and National Security in the 21'st century (Washington DC: National Defense University Press, 1995)

¹² Crawford D. Goodwin (ed), Energy policy in Energy Perspective: Today's problems, Yesterday's solutions (Washington DC: The Brookings Institutions 1981), pp-429-56

period witnessed the need for a comprehensive approach to energy which received more symbolic than substantive attention.¹³

The period of 1973 can also be characterized as the period of crisis to complacency. On Nov 7, 1973 the president Richard Nixon addressed the nation and warned the people of United States against national energy crisis. From this period four trends in US energy policies were examined-

- A rapid transitions from assumption that the United States faced a crisis in energy supply requiring immediate, pervasive governmental interventional in energy markets to assumption that no crisis existed to justify such public involvement;
- Discontinuity and unpredictability in implementation and enforcement of energy policies enacted during the 1970's,
- Growing disagreement among the public, governmental officials, economists, and energy experts concerning the character of current and future energy supply and future energy supply and demand,
- Continuing conflict over the need for future federal management of domestic energy use.¹⁴

- The successive administration during 1980 realized the problem of energy crisis, both the congress and the White House disagreed profoundly over the appropriate mix of public and private remedies to solve the problem. Congress forced upon the presidents to follow energy programs which would involve more federal

¹³See f.n.11.

¹⁴ . Don E. Kash and Robert W. Rycraft, US Energy policy: Crisis and Complacency(Norman: University of Oklahoma Press, 1984) pp- 1-18

regulation of the energy market but the White House did not agree on this. In other words there was no agreement on the substances of such policy. According to energy historian Richard Victor “It is derived from political choices between supply-stimulus and demand reduction, directed and indirect a locative mechanisms, and centralized and decentralized organization. Unfortunately, the political process rarely made these choices explicit, nor considered their relationship to the energy marked price.”¹⁵

Before dealing with US energy policy further, it is necessary to discuss the circumstances in which the Arab oil embargo of 1973 proved a disruptive event. By late 1960 and early 1970 the nation’s energy situation was undergoing rapid and massive change .Energy consumption had grown at a rate of 3.5 percent a year for fifteen years after 1950 which further increased up to 4.5 percent between 1965 and 1973.Domestic production with low cost. Energy was no more able to keep pace with this growth in demand. Therefore the gap existed between the consumption and domestic supply was filled by low cost imported petroleum. But unfortunately, by 1973 world demand for oil was nearly equal to world production. By that time the United States was importing about 15 percent of its energy in the form of oil. During this phase, the demand for petroleum in developing countries was also increased rapidly. The gap between the supply and demand of the most preferred fuel oil was closing. In this changed circumstances Americans realized the seriousness of the problem posed by the shrinking of the domestic surplus of all forms of energy and world capacity to produce oil in order to meet the global demand. So, it can be said

¹⁵ Quoted in *ibid.*

that the United States did not realize the changes in the international energy systems and the implication of those changes until 1973.¹⁶

In the year following the embargo, the problem of energy crisis was acknowledged. It was also realized that controlling five distinctive fuel only will not suffice and need to manage energy was felt. The aftermath of the embargo sheltered the United States energy framework. There was agreement that the nation must make modifications in the structural and procedural arrangement for formulating policy and managing energy, but the disagreement existed about what those modifications should be before defining the national policy undertaken in a highly pluralistic political system, the necessity to develop a new consensus on the entire range of energy policy questions was felt. In American policy the task of developing a consensus is assigned to the president and the congress.¹⁷

The energy policy of United States following the embargo of 1973 during successive administration revolves around one common factor i.e. 'energy-crisis'. But the dimensions of the various administrations with regard to energy policy are different. This is evident from analyzing the various measures taken by the subsequent administration in order to meet the energy demand of the nation. 'energy' has been linked to different issues by the government. The following analysis of the energy policy in the United States illustrates the changes occurring and the continuity retained.¹⁸

The period immediately after the embargo is characterized by self-sufficiently rhetoric. During the tenure of President Richard Nixon "project independence" was

¹⁶ Gregory Treverton (ed), *Energy and Security*, (Montclair, International Institute for Strategic Studies, 1980)

¹⁷ Richard Nixon, *The Real War*, (New York: Warner Books, 1980) pp- 71-95.

¹⁸ Quoted in *ibid*.

launched. The “project independence” called for scientific program and technological fixes, such as synthetic fuel system. However, few actions were taken in order very actions to meet these targets.

The formulation of “project independence” for the purpose of increasing domestic energy supplies, limit foreign imported oil, and advances national energy planning, proved futile. As some have noted, because such proposals were hastily conceived, technologically infeasible and contradictory they were bound to fail. Public response to such program was apathetic and therefore the task of self-sufficiency lessened dramatically. Finally the project failed to achieve the dual policy objectives of reducing United States oil imports and increasing domestic production of all forms of energy. As a consequence, the executive and the legislative branches of the government began to address energy problems in a more substantive way.¹⁹

The Ford administration acknowledged the ‘energy crises. In order to abate the crisis, he followed the mixture of new federal energy regulations, marketplace solutions, accelerating exploration for energy resources and production of new domestic energy resources, relaxation of environmental standards early which inhibits domestic energy production. The president ford declared on Jan 1975 that “we face a future of shortages and dependency which the nation can’t tolerate and the American people will not accept”. But the lack of connection prevailed between the Congress and White House with regard to the adopted to combat the energy crisis. Ford preferred immediate response to the U.S. measures energy problem. Consequently the “energy policy and conservation act” was passed in1975. The president wanted a legislation which would enable him to abolish the existing price controls on domestic

¹⁹See f.n.12.

petroleum quickly on a conservation measure. But the act provided for the gradual elimination of controls by 1981. So, the Congress concurred White House with considerable ambivalence.²⁰

The Carter administration began with natural gas crisis and ended with the hostage crisis. From the beginning of the Carter administration energy issues occupied prominent place in its agenda. Energy was made the major domestic issue Carter's administration. Its energy program was organized around four broad objectives:

- to centralize federal energy planning through institutional reform,
- to achieve greater energy efficiency and conservation through selective use of market forces,
- expansion of federal regulatory authority,
- rapidly increase federal spending on research and development of new technologies for energy conservation and production,
- And to ensure the environmental protection and social equity would be important in these new programs.²¹

The “national energy plan”, an approach towards energy affairs, was executed by the Carter administration. It also set the policy agenda for the Presidency and Congress in the next four years. The first principle of the plan states that “The energy crisis can be effectively addressed only by a Government that accepts responsibility for dealing with it comprehensively”. In order to promote energy efficiency and reduce dependence on imported oil, the plan suggested for new industrial and utility plants to use coal instead of natural gas or petroleum for fuel, and conservation of

²⁰ J. D Moody, proceeding of the World Petroleum Congress, 1975.

²¹ U.S. Department of Energy, Annual Report to Congress 1978, Vol. 2, Energy Information Administration, Washington, D.C: U.S Department of Energy (DDE/ EIA- 0173/2).

energy was given due importance. The centralization and integration of federal energy planning by the department of energy [DOE] was proposed. In order to facilitate the conservation of energy, the president Carter advocated a gradual decontrol of domestic natural gas and petroleum prices. Clearly the Carter administration intended to treat energy problem like a national emergency. Before presenting the “national emergency plan” the president in a television address escalated the energy crisis into ‘war’:

“The most important thing about these proposals is that the alternative way be a national catastrophe. Further delay can affect our strength and our powers as a nation ----- “our decision about energy will test the character of the American people and the ability of the president and the congress govern this nation. This difficult effort will be the “moral equivalent of war”-----.”²²

One significant advancement over the US energy policy can be seen in terms of the federal energy management by the president and the congress by the end of the Carter’s administration. These managements included,

- decontrol of domestic gas and petroleum prices,
- new energy conservation regulations,
- massive increase in federal R and D spending for new energy technologies,
- further control on imported oil prices and petroleum industry profits,
- more environmental safeguard on energy use and
- a new Department of Energy.

²² Hans Jacob and Berg Bull, “US International Oil Policy: Patterns of the Past Define future policy”, Energy Policy (Guilford), Vol- 16, No. 3, June 1998.

However, the administration failed to mobilize the people to rally behind the energy war. The political incompetence of the administration surfaced and as a consequence of the Iranian hostage crisis, an indirect result of the nation's heavy dependence on imported Iranian oil, brought Carter's energy war and his presidency to a sour end. This decade is called "the decade of the energy paradigm" by the economist Jack Baakebus.²³

The Reagan Administration's Energy policy

A different approach towards energy program was followed by the Reagan administration. He dismantled most of the federal energy program of his three predecessors. Within three years, the Reagan administration had drastically altered the national energy policies. Federal spending on energy research had decreased. Energy production received more attention and environmental protection less. The Department of Energy [DOE] was considered as the inefficient and unnecessary bureaucracy. The President tried hard to abolish the Department of Energy but he could not persuade the Congress to do so. Hence, he reduced its authority, resources and influence on national energy affairs. Ronald Reagan after winning the presidential election in 1980, at the acceptance speech at the Republican National convention argued that-

"United States must get to producing more energy... large amount of oil and natural gas lie beneath our land and off our shores...coal offers great potential. So does nuclear energy produced under rigorous safety standards.... It must not be thwarted by a tiny minority opposed to economic

²³ ibid

*growth which often finds friendly ears on regularity agencies for its obstructional campaigns.*²⁴

From the above argument made by Ronald Reagan two assumptions can be deduced i.e.

- United States held huge quantities of conventional energy resources which are yet to be found and produced.
- The reason for the energy resources not being found and extracted were because of counter productive federal policies.

Therefore the Reagan administration committed itself to reversing a trend toward government involvement in energy that had been growing since the oil embargo. One of major changes in energy policy during Regan's administration was it that it started looking energy from an economic point of view. It rejected the notion that energy required special policy attention. Energy was treated as commodity. In order to overcome the energy problem the president Regan resorted to economic market place rather than political decision making. In the words of James Edwards, the then secretary of energy, Reagan's approach towards energy was designed to "produce, produce, and produce". The search for renewable resources and the focus on conservation was downplayed by the Reagan administration.²⁵

The major changes instituted by the Reagan administration are as following: Reagan inherited a set of energy policy goals with minimal consensus. These goals were abundance, cleanness and security. It was realized by the President and the

²⁴ Quoted in Peter F Cowney, The Problems of Plenty: Energy Policy And International Politics, (Berkeley : University of California Press, 1985).

²⁵ Crawford D. Goodwin, Energy Policy Perspective, Today's problem, Yesterday's solutions, (The Brooking institution: Washington D.C1981) pp, 637 – 663.

Congress that a specific government programs were necessary to achieve these goals. However, Reagan administration differed from previous administration in two ways- One in terms of the relative priority it assigned to each goals,- Second, the manner by which the goals should be pursued. The administration argued that the content of the goals and the manner in which they should be achieved should be defined by the market place. Supply and demand mediated by price, should determined the nation's energy future. They opined that market would more effectively contribute to their achievement.

The administration stated its position as follows-

“The one thing that is certain about the future is that the exact path of energy development and markets is uncertain. Technological innovations, geologic discoveries, changes in the economy at home or abroad, political or military conflict, variations in public attitude all these are inherently unpredictable events that can alter the nation's energy situation drastically. Under the free market philosophy of this administration, the American people themselves will actually conduct a continuing national plebiscite in the marketplace to express their individual and collective evaluation of possible courses of action. Their action will determine ultimately whether energy consumption per capita in this country rises or falls between now and the year 2000- and what our mix of energy sources will be at the turn of the century.”²⁶

Abundance: With regard to abundance' it was made clear by the administration that maximization of supplies would be more emphasized rather than the reduction of demand energy conservation was seen as major contributor to economic stagnation in the country except. Where the conservation is motivated by market dominated price. In

²⁶ Bureau of National Affairs, 1981b ,p1115.

opinion of the Reagan administration the policy focus on conservation is a reflection of “no growth mentality” and abundance could be achieved only by reducing restrictions on the productive capabilities of the private sector.

Cleanness: With regard to the goal of clean energy, The Reagan administration differed from its predecessor. It was declared by the Reagan administration that excessive environmental regulation is a major obstacle in solving the nation’s energy problem. The aim of the administration was to establish a “reasonable balance” between energy and environmental values. The difficulty of determining the value of clean water and clean air was acknowledged by the administration. The best approach was to “try to use free market principles to assess public attitudes”, and the administration used this assessment to find optimal resolutions.

Security: Energy security was also to be left predominantly to the market place. The administration indicated that it would place “primary reliance on the market forces to determine the price and allocation of energy supplies even during an emergency”.

In sum, the Reagan administration consistently articulated the view that the nation’s energy goals would most effectively be achieved by removing government from the scene.²⁷

Continuity and changes in energy policies during 1990’s

“Energy crisis” of the 70s had led the administration to develop a national energy strategy and attempt to convince congress to enact comprehensive energy legislation to implement them.

²⁷ Don E. Kash And Robert W. Rycraft U.S Energy Policy: Crisis And Complacency (University of Oklahoma Press: Norman, 1984), pp, 1-20.

However, the eighties witnessed a different picture. The But neither “Energy crisis” had the severe economic impact. The 1990-91 “Energy crisis” was short lived and interest in energy policy soon faded. The period between these two crises was characterized by abundant supplies of energy, stable or falling real energy prices, and relatively little public or political interest in national energy policy issues. Energy demand continued to grow steadily through the decade, but supply was able to meet it without major increases in prices until the end of the decade.

As energy prices were stable or falling during most this time, and because supply was not seriously disrupted, major new energy policy initiatives never rose very high on the policy agendas of either the Clinton administration or congress during the 1990’s.

The Clinton’s administration’s energy policies were heavily influenced by concerns about the environmental impacts of energy consumption and production, including the effects of Greenhouse gas emissions and climate change. In particular, the administrations trumpeted programs to encourage renewable energy, energy efficiency, alternative-fuel vehicles, and increased use of natural gas in electricity generations and vehicles.

An important component of energy policy during the 1990’s involved the completion of the restructuring and deregulation of natural gas production and transportation begun during the 1980’s, and major new initiatives to restructure the electric power sector so it would rely on competitive wholesale and retail market of power supplies.

While the 1990's was a decade of limited major new federal energy policy initiatives, it was also a decade in which the country finally reaped the benefits of the end of many ill considered energy policies of the 1970's and the early 1980's: oil and gas prices controls, fuel use restrictions, protectionist policies for oil refiners, and publicly funded megaprojects to promote specific supply sources all came to an end.

The 1990's were a new "golden age" for energy that started and ended with energy supply shocks, but largely proceeded without energy policy being high on the national policy agenda.²⁸

The 1990 was a period in which energy market performed well. Federal energy policy makers focused primarily on implementing and competing policy initiatives that began before or at the very beginning of the decade, and the energy supply sectors evolved slowly and relatively smoothly. There was very little change between 1990-2000 in the supply of fuels. One of the crucial change in the energy policies of the Clinton Administration was that it very clearly recognized the close relationship between energy and environmental policies. The subsequent year following the Gulf war can be seen as masked with many continuing and emerging energy policy challenges derived from larger domestic and foreign policy issues. The changes in world oil, domestic natural gas and electricity markets in 1999 and especially 2000 likely to have reflected the consequences of ignoring some of these challenges –

As dependence on imported petroleum grew - it was realised that that the United States oil imports increased substantially. But a little change has occurred in

²⁸ Leonardo Maugeri, "Not in oils Name", *Foreign Affairs*, (New York), Vol.82,no-4, July-August2003,pp165-171.

terms of the concentration of oil in the Persian Gulf. By this time the oil production in the Persian Gulf remained less concentrated in the Persian Gulf than was the case in 1973.

It was discovered that the world crude oil reserves available to support export are concentrated in the Middle East and North Africa. It was forecasted that the US petroleum imports will continue to grow in the future. The US dependency on imported oil was perceived as something that the US will have to live with for a long time.

Impact of Energy Policies on the Environment

One of the major changes in the energy policies during Clinton Administration was that it was influenced by concerns about the environmental impact of energy consumption and production to a greater extent. It included the effect of green house gas emissions and climate change. The administration encouraged the programs for renewable energy, energy efficiency, alternative fuel vehicles and increased use of natural gas in electricity generations and vehicles. However the growing salience of the access to oil and other energy sources made US policy makers to change its goals and strategy.²⁹

The Continuity and change during the Bush administration

Energy security achieved new prominence in the debate over U.S. energy policy. While oil markets of the last decade remained relatively stable and oil relatively cheap, compared with the oil shock period of the 1970's and early 1980's, security concerns have risen as U.S oil demand and import reliance have increased

²⁹Quoted in *ibid.*

while threats of terrorism and Middle-East hostilities have heightened. In June 2001, President Bush sent to Congress a package of proposals developed by White House task force, the National Energy Policy Development Group, which invoked national security as a major objective. A House bill passed in August 2001 largely adopted this package, including a measure opening the Arctic National Wildlife Refuge (ANWR) to oil drilling.

The Senate, acting in early 2002, rejected ANWR drilling and also voted down raising the Corporate Average Fuel Economy (CAFÉ) standards. These two proposals- ANWR, the flagship of supply increase measures, and CAFÉ, the leading demand reduction policy- have dominated public discussion of the pending legislation, which is currently awaiting conference committee reconciliation.³⁰

During the Bush administration considerable change occurred in US energy policy. The reason for this can be attributed to the fact that gap between the consumption and the production of some on US petroleum by the United States expected to grow by 25% over 20 years while the scarcity of oil reserves on US territory became visible. This situation necessitated the search for additional foreign sources of oil. In connection with this, diversifying the world's sources oil also seemed to be significant changes in the US energy policy. This diversification of world's sources for oil was not only for the United States itself but also for other oil importers. The idea behind such changes was that this will reduce dependency on any particular region. This decreased dependency will lesson the possibility of a global economic crisis caused due to the upheaval or disruption in any country or region. This shift in orientation was also because of the fact that exporter's from outside the

³⁰ Mathew Edwards, "The New Great Game And The New Great Gamers", Central Asian Survey, (London) Vol. 22, No.1, March 2003.

organization of Petroleum Exporting countries (OPEC) will be helpful in keeping the global prices down.³¹

The Sep11, 2001 attack on the United States underlined the connection between oil and politics. It impacted on oil market, particularly when it was confirmed that 15 out of 19 hijackers involved In the attack were from Saudi Arabia which constitutes ¼ of the world's total petroleum reserves for the 55% of its energy requirement US is dependent on foreign oil which is likely to increases up to 65% by 2020. United State has attempted to look for one alternative for its energy requirement i.e. Iraq and Central Asia in the wake of sep11, 2001 attack on the World Trade Centre (WTC) and Pentagon.³²

The Bush administration has aspired for efficient, clean, and convenient and affordable energy future. Collin Powell, the then secretary of State described the situation in the following words-

“World resources are sufficient to satisfy global demand for energy for energy for the foreseeable future, but challenges remain in the form of environmental problem, political concerns, distribution of resources and myriad other issues. The US believes that open market and the new technologies working in concert will help US and other countries meet those challenges together”.

The US has developed and pursued an energy policy the first comprehensive long term plan in the years-aimed at making the US energy future more secure. The US needs energy to fuel its economic growth and to continue to work as a global

³¹ U S Department of Defense, Annual Report,2002.

³² President Bush's Address to Congress, 23rd September 2001.

economic engine, so we propose to explore domestic resources and expand and diversify our energy supplies in ways that support global development, democracy and stability.

Making this strategy work requires that we, working with other countries, seek new method of using traditional fuels such as was coal in environmentally sustainable way and develop now technologies such as hydrogen fuels to improve energy efficiency as well as the environment. It also calls for engaging our key trading partners, major energy producers and international institutions in a dialogue on the role of energy security in our shared global promoting international trade and investment throughout the energy supply chain.

Our great nation, in the true spirit of democracy, has been engaged in a free and open debate for our energy objectivities, priorities and policies both domestically and both our partners around the world.³³

In 2004 in a meeting of ministers of G-7, it was urged that the oil producing nation should increase the oil production and thereby the energy prices to the levels that support continued economic growth .The finance ministers of United States, Canada, Japan, Italy, UK, Germany, warned that the high energy prices could hurt the improving global economy. The ministers said that “We call on all oil producers to provide adequate supplies to ensure the world oil prices return to levels consistent with lasting global economic prosperity and stability in particular for the poorest countries.”³⁴ According to the energy secretary Elliot Abraham “The Bush administration is working to increase US energy security by encouraging diversity in

³³ Anuradha M. Chenoy, “ 11 sep.2001 and After: The Russian And Central Asian Response”, India Quarterly (New Delhi), 57(1), October – December 2001, pp – 149 -66.

³⁴ Mathew Edwards, “The New Great Game And The New Great Gamers”, Central Asian Survey, (London) Vol. 22, No.1, March 2003.

international supply sources, While at the same it aimed to reduce US dependence on foreign oil through a combination of measures to promote conservation, alternative energy development and increased domestic production.”

He also added that the administration is working to develop energy opportunities around the world by encouraging new cooperative trade agreement and new resources. These effort include the further integration of the North America energy market and new investment and development in the Western Hemisphere, Russia and Central Asia.

He called on the senate to press comprehensive energy legislation that would increase US energy security by combining conservation with incentives for the development of alternative energy resources and increased domestic production. It was realized that increasing the energy efficiency of the economy is one of the best ways to contain the effect of oil prices shocks.

In the 108th congress, debate over energy efficiency programs has focused on the budget, oil and natural gas. Central Asian region has been viewed by the American policymakers as one of the alternative sources for its energy requirement.

A congressional analysis of the US policy towards now focuses on three inter related activities; the promotion of security, domestic reform and energy development. The 9/11 attack led the administration to realize that “it was critical to the national interest of the US that we greatly enhance our relation with the five Central Asian countries” to prevent them from becoming “harbors for terrorism”. There seemed to be a synergy

between American multinationals, The State department, the Pentagon, US aid and several think-tank.³⁵

John Maresca, vice president of international relations of Unocal Corporation presented a testimony before the House of Representatives. He acknowledged the significant presence of oil and natural gas in Central Asia and the role they play in shaping US foreign policy. Three important issues were focused upon concerning this region-

1. The need for multiple pipeline routes for Central Asian oil and gas.
2. The need for US support for international and regional effort to achieve balanced and lasting political settlement with Russia, other newly independent state and Afghanistan.
3. The need for structural assistance to encourage economic reform and the development of appropriate investment climate in the region.³⁶

The tragedy of Sep, 11 has proved to be a catalyst for a “ferocious” new engagement with the region. US policy goals regarding energy resources in Central Asia and South Caucasian states have included supporting there sovereignty and ties to the West, supporting US private investment, breaking the Russian monopoly over gas and transport routes by encouraging and building of pipelines.

As a consequence of the above scenario the United States has developed a policy with the following objectives with respect to oil-

- Gaining physical access to oil through exploring production and transportation,

³⁵George Perry, “ The War on Terrorism, The World Oil Market and The US Economy” The Brooking Institution 2001.

³⁶Quoted in ibid

- Ensuring that oil was available at reasonable prices beneficial to the producing and consuming states alike.
- To exert influence on the newly independent oil rich Central Asian Republic.

In the 107th congress it was acknowledged that the Central Asia and the Caspian region is blessed with abundant oil and gas that can enhance the lives of the region's residents and provide energy for Europe and Asia. It was realized that the impact of these resources on US commercial interests and the US foreign policy is also significant and intertwined. Without the peaceful settlement of conflict within the region, cross border oil and gas pipeline are not likely to be built. The support from the administration and the congress was urged. It was argued that the US assistance in developing these new economies will be crucial to business success. A strong technical assistance program throughout the region was endorsed. The demand for the repeal of section 907 Freedom support set was also made. This set unfairly restricts the US governmental assistance to the government of Azerbaijan and thereby limits US influence in the region.³⁷

Though it was acknowledged that developing cost effective profitable and efficient export routes for Central Asia resources are difficult but it was argued that it is not an impossible task. A commercial corridor, a "new silk road, can link the Central Asia supply with the demand can once again make Central Asia the cross between Europe and Asia."³⁸

In this context it is worthwhile to note that the US has made a significant military presence in the region. The US has stationed 1,000 troops in Uzbekistan and Kyrgyzstan with more scheduled to arrive. This development with energy objectives indicates that a long term engagement of the US towards these countries. The "US pipeline politics" with

³⁷ The New York Times, January 18, 2002.

³⁸ Sampath Kumar Rama, "Central Asia: Impact of US led War on Terrorism", Economic and Political Weekly, (Mumbai), 37(33), 17-23rd August, 2002, pp- 3414-19.

military support had begun under President Clinton, but was enhanced with the visit of the defense secretary Donald Rumsfeld in December 2002, Vice President Dick Cheney, a former CEO of the oil services company 'Halliburton'. It can also be implied that the presence of US troops on the Russian borders will ostensibly increase the new nation's autonomy from Russia and facilitate the export of oil and gas. It could be argued that the "American war against terrorism" has included a battle to control the energy resources of the Central Asian region.

The US policy towards Central Asia has been greatly influenced by the "Iron triangle i.e. Congress, Interest groups and the Bureaucracy."³⁹

³⁹ Jan H. Kalicki, "Caspian Energy at The Cross Road", Foreign Affairs (New York), 80(5), September- October 2001, pp 120-35.

CHAPTER 3

DEBATES IN US CONGRESS ON ENERGY POLICY TOWARDS

CENTRAL ASIA

Many factors influence the formulation of US energy policy. This chapter lays out the comprehensive description of the institutions which shape US energy policy. This chapter also looks at the aspects of congressional debates that impacted the outcome of US energy policy towards Central Asia.

Many observers have noted that the 1973 through 1980 the US experienced a major sorting out process, determining who would participate in energy policymaking and what the organizational arrangements for citizen involvement would be. By 1980 the President and the Congress had been able to reach compromises on the basic issues that faced them following the onset of the energy crisis. With decisions on these basic issues the foundation for a stable national energy policy system appeared to be in place. The rudimentary energy policy system that was in place by 1980 provided the framework necessary to manage both energy supply and demand and to develop new resources.¹

Congress: Decision making in congress, where law is formulated, differ from decision making in the bureaucracy, where it is implemented. The institution setting greatly influences the policy outcome.² If not sovereign, congress is considered to be preeminent in formulating national energy policy. The president may mandate or oppose energy programs. But he is usually dictated by the Congress. It is the congress

¹ Jack N. Barkenbus, "Federal Energy Policy Paradigm and State Energy Roles", Public Administration Review, vol-42, No-5, (Sep-Oct 1982), pp413-414.

² Peter F. Cowney, The Problem of Plenty: Energy Policy and International Politics (Berkeley: University of California Press, 1985 pp 82-86.

who can legislate on energy policy and raise the resources to underwrite it. The president's freedom to act independently of congress on energy matters is limited severely by law, custom and political circumstances. Policy may be formulated by judges or administrators by interpreting or implementing a congressional enactment. But policy making by them is limited by congressional guidelines and oversight.³

Congress is characterized as house divided and authority dispersed between its two chambers. Its members are even torn by conflicting claims of local and national interest. Although congress is fragmented, it can't be denied that there is opportunity for policy innovation. From the apparent authority of the congress, it becomes clear that congress often reveals not power exercised but power dissipated, not policy made but policy paralysed.⁴

The number of committees and subcommittees with 'energy' as their title grew steadily from two in the 92nd congress (1970-1972) to eighteen in the 97th congress (1978-1980). In the 96th congress jurisdiction over some aspect of energy policy was claimed by more than 38 committees of the House of Representatives. The Senate traditionally has fewer committees than the House. Nevertheless it had at least ten major committees and several dozen subcommittees exercising some authority over energy legislation.⁵

The committees are proposed by the legislator's desire to exercise some authority over major public issues. There also perpetuates jealousy and competition between subcommittees and their leaders in energy policy making. Vigorous conflict

³ Richard H. K Victor, Energy Policy In America since 1945: A Study of Business Government Relations, (Cambridge: Cambridge University Press, 1984), p-313.

⁴ US Congress, House of Representatives, National Energy Plan: Message from The President of The United States, H. Doc. 97-77, 97th Congress, Its Session, July 17, 1981.

⁵ See f.n. 1.

over energy policy produced by each chambers over squabbling committees is intensified by rivalries between house and senate energy committees. Such competitions are due to traditional differences between the two chambers, their divergent constituencies, constitutional responsibilities, institutional histories, conflicting personalities and committees' aspirations. Moreover, the various energy committees within and between the two chambers, often respond to different energy interest.⁶

The fragmentation of power in the congress is not only due to the formal division of authority among committees. There are other significant causes as well such as there are five hundred and thirty five geographical units – the states and the congressional districts. These numerous factors constitute a vast array of diverse parochial interests with powerful influence in the legislative process. The senator and the representative ambassador to Washington are regarded by the constituents as the guardian of the local interest. The senator and the ambassadors are supported to play the role of energy provider and protector.⁷

Bureaucracy: The executive branch of the federal government is a constitutional fiction. Within the executive branch there are thirteen cabinet department, fifty two independent agencies, five regulatory commissions and numerous lesser entities. More than 2.8 million employees divide their loyalties among these institutions. When

⁶ Don E. Kash and Robert W. Rycraft, US Energy Policy :Crisis and Complacency, (Norman: University of Oklahoma Press, 1984) pp-239-249.

⁷ John E. Chubb, Interest Groups and the Bureacracy: The Politics of Energy , (Stanford: Stanford University Press, 1983), pp-1-17.

closely observed, the executive branch is found to be a mosaic of disparate bureaucratic interests, each zealous to achieve its special mission.⁸

It is very challenging for the president to bring these different interests into accord with his own administrative programs. Its success depends upon his personality to a greater extent. The designs for the administrative management by the White House are continually impeded by the political obstacles.

In order to unite the bureaucracy, the president must constantly fight for the competing claims of agencies self interest, the political pressures upon the agencies from congress and the pressure from an agencies own clientele.⁹

The federal bureaucracy is a plurality of institutional interests. They are always active in shaping the policies which will be administered by them. The bureaucracy is government's interest lobby.

Interest Group: The number of interest group striving to impress their will upon government is legion. Among one hundred thousand nationally organized interest groups in the United States, high proportions are involved in politics. When the politically active state and local groups are added to the already existing numerous interest groups, it becomes obvious that the interest groups are pervasive in the United States governmental system. They represent virtually every major social group with some claims upon government.¹⁰

⁸ Quoted in *ibid.*

⁹ Jack N. Barkenbus, "Federal Energy Policy Paradigm and State Energy Roles", Public Administration Review, vol-42, No-5, (Sep-Oct 1982), pp413-414.

¹⁰ See f.n.7

The formations of new groups are often triggered by the rise of new issues on the governmental agenda. And conversely, new issues on the agenda reflect the growing political influence of new interests. The number of interest groups in national energy policy increased significantly after 1973.

Oil companies have been the major interest groups in terms of energy policy formulation. While analyzing the role of oil companies it can be said that they are playing the role of nongovernmental bodies. They have added a degree of variety to international political relationship. Some times they have even made the international relationships complicated which might otherwise have been quite harmonious. But in reality oil industries are primarily economic institutions. One of the characteristics of the economic actors is that so long as they can function reasonably well, they generally accept the status quo. No industry can sacrifice its profit for the sake of political principle. None of the oil industry can turn down the chance of developing important new deposits. Of course companies have to choose between possible ventures. The political climate of the countries in which these ventures fall is the only one of the factors taken into account. The political tactics available to companies for gaining access to promising markets are limited.¹¹

The strategies adopted by the oil company are usually predictable but along with the strategies, the leadership of the company also matter to a greater extent. The underlying economics of the industry make it possible to predict the general direction in which companies will move.

The development of oil companies can be stimulated by –

¹¹ John E. Chubb, *Interest Groups and the Bureaucracy: The Politics of Energy*, (Stanford: Stanford University press, 1983), pp35-50.

- ease of access of the various oil deposit
- the source of existing oil production
- the size
- development and location of the world's leading economies
- some facts about the motivation of the imperial powers
- some assumptions about the behavior of companies in an international oligopoly
- Some information about the level of government experience in most of the potential producing countries.¹²

The sheer size of the US market and the fact that there was a significant oil industry in existence in USA meant that American oil companies were bound to play a dominant role. As an analyst has noted that US had no history of significant engagement with the Central Asian Region before 1990s. It is the discovery of energy resources of the Caspian Sea that made the region important for the US foreign policy makers.¹³

The Central Asia and the Caspian Region is blessed with abundant oil and gases that can enhance the lives of the region's resident and provide energy for growth in both Europe and Asia. The impact of these resources on US commercial interests and US foreign policy is very significant. The United States first official foray into the Caucasus and Central Asia came in 1991 during the Bush administration. But it was not until major oil contracts were signed between US oil companies and the government of Kazakhstan and Azerbaijan in 1993-1994 that the region really began to register on the radar screen of the American public. The

¹² Quoted in *ibid.*

¹³ See f.n. 9

commercial interests of US oil companies in exploiting new energy reserves gave US policymakers a specific interest to protect in the Caucasus and Central Asia the US has come to see Caspian resources as one of the few prospects for diversifying world energy supply away from the Middle East.¹⁴

The role of the “iron triangle” in formulating US energy policy towards Central Asia can be understood by 1998 congressional hearing. In this hearing the subcommittee on Asia and Pacific examined the US interest in the region. It was acknowledged by the US congress that Kazakhstan and Turkmenistan possess large reserves of oil and natural gas. It was further observed that Uzbekistan has oil and gas reserves that may make it self sufficient in energy and gain revenue through exports.¹⁵

According to Mr. Bereuter the president of the Subcommittee on Asia and Pacific stated that US policy goals regarding energy resources in the region were based on the following-

- Independence of the states and their ties to the West
- Breaking Russia’s monopoly over the oil and gas transport routes
- Promoting Western energy security through diversified suppliers encouraging the construction of East West pipeline and
- Isolating Iran.

In addition it was stated by the then Deputy Secretary of State Strobe Talbot, that the United States sought to discourage any one country from gaining control over the region, but rather urged all responsible States to cooperate in the exploitation of

¹⁴ Quoted in *ibid*

¹⁵ US, Congress, House of Representatives, Subcommittee on Asia and The Pacific, Committee on International Relations, Hearing, on “US Interests in the Central Asian Republic”, 105th Congress, Feb 12, 1998, pp-34.

regional oil and resources. It was noted that the Central Asian Region has emerged as one of the significant opportunities for investment opportunities for a broad range of American companies. This in turn will stimulate the economic development of the region.¹⁶

Debates in the Congress

In a statement made by the Assistant Secretary for Policy and International Affairs, Department of Energy answered the question that why is the United States active in the region? According to him the US has following interest in the region-

- Energy security
- Strategic interest and
- Commercial interest in promoting Caspian region energy development.

He further observed that US has an interest in strengthening global energy security through diversification, and the development of these new sources of supply. Caspian export would diversify rather than concentrate world energy supplies. This will help in avoiding the over reliance on the Persian Gulf. It was agreed in the Congress that United States has strategic interests in supporting the independence, sovereignty, and prosperity of the Newly Independent States of the Caspian Basin. And it was desired to assist the development of these States into democratic, sovereign members of the world community of the nations, enjoying unfettered access to world markets without pressure or undue influence from the region.¹⁷ In other

¹⁶ See f. n. 15

¹⁷ Report by the James Foundation, Monitor, vol 8,issue 85,may 2002 available at www.worldpress.org/special/pp/front.htm.

words, it can be observed that the “iron triangle” i.e., Congress, Bureaucracy and the Interest Groups have following four objectives with regard to Central Asia:

- Promoting Multiple Export Route-The administration’s policy is centered on rapid development of the region’s resources and the transportation and sale of those resources to hard currency markets to secure the independence of these new countries. The US government has promoted the development of multiple pipelines and diversified infrastructure networks to open and integrate these countries into the global market and to foster regional cooperation. It was decided to give priority to supporting efforts by the regional governments and the private sector to develop and improve east-west linkage and infrastructure networks through Central Asia and the Caucasus. An Eurasian energy transport corridor incorporating a trans-Caspian segment with a route from Baku, Azerbaijan, through the Caucasus and Turkey to the Mediterranean port was included.
- Emphasizing on Commerciality-It was realized that the massive infrastructure projects must be commercially competitive before the private sector and the international financial community can move forward . Keeping this in mind the Baku-Ceyhan pipelines was most endorsed.
- Cooperating with Russia-It was decided to support the continued Russian participation in Caspian production and transportation. Russian participation in the Eurasian corridor was also encouraged. For this purpose US companies are working in partnership with the Russian firms in the Caspian.
- Isolating Iran- the Us Government opposes pipelines through Iran because development of Iran’s oil and gas industry and pipelines from the Caspian Basin through Iran will seriously undercut the development of East-west

infrastructure, and give Iran improper leverage over economies of the Caucasus and Central Asian States.¹⁸

Similarly, John Maresca, Vice President of International Relations, Unocal Corporation, focused on three issues with regard to Central Asia-

- The need for multiple pipeline routes for Central Asian oil and gas resources.
- The need for US support for international and
- Regional efforts to achieve balanced reforms and development of appropriate investment in the region.

While emphasizing these issues, argued for the repeal or removal of section 907 of the Freedom Support Act, because this section unfairly restricts US Government assistance to the government of Azerbaijan and limits US influence in the region. Unocal and other American companies are ready to develop cost-effective export routes for Central Asian resources. So, after this analysis of the “iron triangle” in terms of the Central Asian Region it can be concluded that the Cooperation of power, federalism, interest group pluralism and other checks and balances in the constitutional architecture of the United States political system created a strong bias towards bargaining, compromise and instrumentalism in energy policy making today. The electoral cycle often compels energy policy to conform to the economic and political bias of legislative constituencies charged with implementing energy policies, attempt to impose upon those policies their own bureaucratic values, their unique political perspective growing from their several missions and many other institutional concerns sub government and the public opinion also influence policy. These

¹⁸ Quoted in *ibid*

elements in the policy process have long been recognized. They emphasize a truth often ignored in discussions of US public policy.¹⁹

The United States and the rest of the world are facing energy problem. The era of abundant, reliable, low-cost energy is in the past. Currently the condition will be that of scarcity and the continuing need to manage the complex and difficult issues associated with the use, supply, pricing and trading of energy to prevent economic, political, environmental and military crisis.²⁰

Imported oil is the heart of energy problem. As mentioned earlier the economic growth and the consequent growth in energy demand requires increased need for imported oil. To understand the full scope of Congressional perception focus on Energy Security act-S.932 of 1980 is essential.

Energy Security Act - S. 932

Representative Christopher J. Dodd on June 25, 1980 observed that with respect to the energy act it represented a long overdue commitment of federal dollars to promote energy independence for America. He acknowledged the growing dependency of United States on imported oil. The energy Security Act provides \$25 billion for exploration of a variety of energy alternatives including synthetic fuels, renewable resources, conservation, and gasohol. It mandated two actions- the filling of our strategic petroleum reserves and the study of acid rain problem. Though the energy security act comprehensively dealt with the synthetic fuel but it was not entirely about the synthetic fuel bill. This act also provide \$3.1 billion to establish

¹⁹ Quoted in *ibid.*

²⁰ Hans Jacob and Bull Berg, "The US International Oil policy: Patterns of the past Define Future policy" *Energy Policy* (Guilford, vol-16, NO -3, June 1998.)

conservation and solar banks that will offer federal subsidies in the form of below market loans ,loan guarantees and grant to finance solar and conservation work in homes, apartments and small business. Christopher J. Dodd argued that \$ 3 billion included in this bill to the energy bank was not enough to release the full potential of conservation and solar energy. But this funding was perceived to be a good beginning, and believed that the experience of the coming years will prove the worth these alternatives to continue oil imports. He further argued that the United States government must devise an effective national strategy to break the hold of OPEC and energy conservation in our homes and business should be taken as a vital part of that strategy.²¹

The former Clinton Administration stressed that U.S. support for free market reforms directly served U.S. national interests by opening new markets for U.S. goods and services, and sources of energy and minerals. U.S. private investment committed to Central Asia had greatly exceeded that provided to Russia or most other NIS except Azerbaijan, although the region is relatively isolated and the states lag behind Russia in accommodating commercial ties. U.S. energy companies have committed to invest billions of dollars in Kazakhstan, Turkmenistan, and Uzbekistan. U.S. trade agreements have been signed and entered into force with all the Central Asian states.²²

By focusing on Congressional debates on Energy Policy with particular focus on Central Asia, the complexity of policy formulation can be understood. Further the various hearing held by the Congress has also provided significant evidence that explains the changed nuances of Central Asia policy. It also helps to illustrate the

²¹ Christopher J. Dodd, Member of House of Representative Reports on Energy Security Act-S.932, 96th Congress, 5th June 1980 p-16859.

²² Anuradha M. Chenoy, "11 Sep 2001 and after: The Russian and Central Asian Response", India Quarterly (New Delhi), 57 (1) Oct-Dec 2001, pp 149-160.

argument that the Congress considered the Central Asian Region very important for US interest. In particular Congressional understanding of the “Enormous Energy Export Potential” that could ease America’s energy problem went a long way in shaping US policy towards Central Asia. For instance, despite concern on human right,, violent political movement , US government virtually supported the US government decision to promote a new pipeline from Kazakh to Azerbaijan and from Ceyhan to Turkey.²³

Some analysts have noted that there has been different emphasis on the level of US involvement in the CAR. According to some there have been linkages between the adequate progress in demoralization and improving the human rights. The importance of energy resources to US has been disputed in early phase of 1990. However, the Congressional interest in Central Asia was reflected in the passage of “Silk Road” in late 1999 which enhanced US policy alteration, humanitarian needs, economic development (including energy pipelines) and communications, democracy and the creation of civil societies in the South Caucasian and Central Asia.²⁴

The Bush energy policy is directed towards securing cheap oil. US oil consumption is projected to increase by one-third over the next two decades. The White House is pushing hard for greater domestic drilling and wants to open the Arctic National Wildlife Refuge to the oil industry. The Administrations National Energy Policy Development Group, led by Vice President Dick Cheney, acknowledged in a May 2001 report that US oil production will fall 12% over the next

²³ US Congress, House of Representatives, Subcommittee On The Middle East and South Asia, Committee on International Relations, “Hearing on “US policy in Central Asia” 107th Congress, 1st Session, June 2001, Seriol no107-21,p-10.

²⁴ Jim Nichol, “Central Asia: Regional Development and Implications For US Interest”, CRS Reports Updated on June 25th, 2005, also available at www.usembassy.it/pdf/others/RL_30794.pdf.

20 years. As a result US dependence on imported oil which has risen to a great extent.²⁵

Sept. 11 brought with it a dramatic reconfiguration of the entire international security environment as well as a fundamental shift in the ranking of American foreign and security priorities. Virtually every other foreign policy priority was now subordinated to the effort to create an anti-terrorist coalition.²⁶

It is observed that the Sept. 11 attack on the World Trade Centre and Pentagon has underlined the connection between oil and politics. When it became confirmed that the most of the hijackers were from Saudi Arabia, it impacted on the oil market to a great extent. Since Saudi Arabia constitutes one fourth of the total petroleum reserves, United States had to look for some other alternative sources in order to fulfill its energy requirement. United States is dependent on foreign oil for its 58% of energy requirement which is likely to increase up to 65% by 2020.²⁷

The counterstrike of Sept.11 shattered the old barriers and opened new horizons. The United States congress acknowledged the importance of the central Asian republic for the fulfillment of its oil requirement in the 107th Congress. It was acknowledged that the central Asian Region is blessed with abundant oil and gas. But it was realized that the central Asian region is inflicted with terrorist activities and hence consequently political instability. The support from the congress and the administration was urged. It was argued that the US assistance in developing these

²⁵ See f.n 23.

²⁶ Anuradha M. Chenoy, "11 Sep 2001 and after: The Russian and Central Asian Response", India Quarterly (New Delhi), 57 (1) Oct-Dec 2001, pp 149-160.

²⁷ Quoted in *ibid*.

new economics will be crucial to business success. A strong technical assistance progress throughout the region was endorsed.²⁸

After Sep 11 Washington's approval of more than US\$1.4 billion for the economic recovery of barren and battle scarred Afghanistan provides the Bush administration with possible insurance for deepening its petro-political sphere of influence along Russia's boarder in the form of revived Trans-Afghan pipeline. Further it was realized by the US energy analysts that the vast reservoir of oil and gas can be protected by the deployment of US special operations forces to Georgia because it will neutralize Russian's influence in the region.²⁹

It is noteworthy that the Vice president Dick Cheney. As former CEO of the oil services company 'Halliburton's also a veteran of the American oil industry's presence in the Caspian Basin. With almost \$30 billion already invested by US oil companies in Kazakhstan, Turkmenistan, Uzbekistan and Azerbaijan, the suggested Afghan route would cost only one-half the amount of the other alternative which would run through Georgia to Turkey's Mediterranean coast.³⁰

The Caspian Sea region is widely viewed as important to world markets because of its large oil and gas reserves. Most Energy Company regards the Caspian basin as the Persian Gulf of the 21st. century. In central Asia and elsewhere, America found new friends in hour of need. It can be said that the Sept. 11 have awakened many Americans to the interdependence to the even – smaller world, to their vulnerability especially in energy. The growing American stake in central Asia is one

²⁸ New York Times, Jan 18, 2002.

²⁹ Shah Alam, "Pipeline Politics in the Caspian Sea Basin", *Strategic Analysis* (New Delhi), 26(1), January-March 2002, pp-5-26.

³¹ Quoted in *ibid*.

response to that. It can be said that the American “war against terrorism” has also become a battle to control the energy resources of the Central Asian Region. Since Central Asian region can offer the United States a rare opportunity to diversify world oil supply, it could be one of the most important areas of US foreign policy. However, in Washington D.C., and especially in the US congress, foreign policy tends to be an elitist sport. Few members of the congress focus on foreign policy and accepted by the most of the Americans. As a result, few members of the congress view foreign policy and the Caspian region in strategic terms. The central Asian Region is viewed by the most members of the congress through one or more of the following perspectives-

- The Azerbaijan- Armenia issue
- US policy towards Iran
- US policy towards Russia
- Partition and domestic politics³¹

Among the four factors mentioned above, the fourth one i.e. that is partition and domestic politics is perhaps the most important. Members of the congress tend to be overly responsive to their domestic constituents and some even support certain ethnic groups as a way to raise campaign contribution. This leads to a phenomenon termed “ethnic politics”. Critics argued that ethnic politics have driven US policy towards both Azerbaijan and Iran.³²

³² US Congress, House of Representatives, Subcommittee On The Middle East and South Asia, Committee on International Relations, “Hearing on “US policy in Central Asia”107th Congress, 1st Session, June 2001, Serial no107-21,p-10.

In order to stand and discern the attitude of Congress towards the Central Asian Region in the aftermath of Sept.11 attack on World Trade Centre (WTC) and Pentagon, the congress role towards Azerbaijan-America issue, Iran, and Russia requires a brief consideration.

The Azerbaijan-Armenia issue

On the Azerbaijan – Armenia issue, congress tends to favour Armenia and uses foreign aid legislation as a means of exerting pressure on Armenia’s neighbors particularly Azerbaijan and Turkey. The most obvious example of this is the section 907 at the Freedom Support Act which prohibits US government aid to the government of Azerbaijan.³³

Concern over the plight of Azeri refugee and the increasing importance of United States investment in the Azeri oil sectors; have led congress to adjust section 907 incrementally each year since it took effect in January 1993. Nevertheless, congressional attitude towards the region began to change significantly in 1997. The changes occurred for several reasons:

- The presidential elections in Armenia appeared to be less than free and fare this damaged Armenia’s image on Capitol Hill and embarrassed lawmaker who had louted Armenia as the democratic ideal for the region.
- Some members of the congress thought the Armenia lobby had gone too far and was out of step with the realities on ground. The Armenian lobby was pushing for what some members of congress thought was excessive legislation.

³³ Quoted in *ibid.*

- As the deadline for a decision on the main export pipeline route approaches (Oct.98) congressional interest has continued to rise. There was the increased number of congressional delegation traveling in the region. At least five delegations visited the region in 1997 including one led by senator McConnell. However, since his trip he has taken a more balanced approach to the region. This is noteworthy because the McConnell is the chairman of the senate appropriations subcommittee on foreign operations, the subcommittee which has jurisdiction over section 907. The House of Representatives, however, continued to reject attempt to weaken section 907. Congress tends to be an incremental body and the facts demonstrate that there is momentum towards making further revisions in section 907. As a result of this increasing momentum it is believed that the US senate is now positioned to make substantial changes in 907. Senate headway will be critical because progress will have to be made in a house-senate conference committee and the house of representatives continues to be solidly on the side of Armenia and is likely to support a significant softening or repeal of S.907. A major problem especially in the house is that section 907 is not on the radar screen for most representative since 907 is usually inserted into the foreign operations appropriations legislation at the subcommittee level, only 13 House member- less than 3% have an opportunity to vote up or down on 907 each year.³⁴

³⁴US, Congress, House of Representatives, Subcommittee on Asia and The Pacific, Committee on International Relations , Hearing, on "US Interests in the Central Asian Republic", 105th Congress, Feb 12, 1998, pp-34.

Congressional attitude towards Iran:

Iran is the most stable country politically and economically bordering the Caspian, and offers the most attractive pipeline routes: it is important to understand congressional attitude towards that country. Congress is opposed to Iran and has limited the Clinton's administration's flexibility in dealing with it. In this respect, congress has played a significant role. In the opinion of congress no country undermines American interest more than Iran. Since the Iranian revolution the United States has sought to isolate Iran diplomatically and politically and more recently economically. Congress has passed the Iran-Libya sanction act (ILSA). This act sanctions foreign companies that invest in the petroleum sector of Iran. This act was passed without a single member of congress voting against the sanctions. Congress has rarely adopted any controversial piece of legislation unanimously which have a wide range of implications. This law is causing problem for the companies trying to move Caspian oil to market. US companies are prohibited from partnering with Iranian firms in the Caspian.

US Policy Towards Russia

Another regional issue clouding congress view of the region as US policy towards Russia. Congress is skeptical of Russia, and its relations with Iran. For many members of congress opposing the Soviet Union was a major pillar in their political philosophy during 1980s. Today there are still residual effects of this cold war attitude especially Republican party. In 1997 dozens of bills were introduced seeking to

impose sanctions on Russia. Congress has consistently opposed Russian efforts of nuclear cooperation with Iran.³⁵

Congressional view impacts United States' attitude towards pipeline routes:

Congress views the possible pipeline alternative through Russia, southern route through Iran, eastern route through Afghanistan and western route through Georgia and Turkey. Congressional view of the pipeline can be summed up in three ways: congress is opposed to pipelines routes through Iran congress is skeptical of routes through Iran; congress is skeptical of routes through Russia, and is dubious of routes through Afghanistan. Turkey and Georgia are the only options in view of the congress.

Therefore, it is obvious why congress has expressed support for pipeline along an east-west axis. This also helps to explain why the US government (congress and the administration) are increasingly calling the Baku – Ceyhan route “the preferred route” because it belongs NATO ally, and avoid Iran and Russia.

During 1998, congress continued to advocate isolation of Iran and continue the incremental progress in US relations with Azerbaijan.³⁶ While formulating energy policy for the United States, congress is the preeminent force. But congress is a house divided. Its authority is dispersed between the two chambers. It is due to the fact that its members are usually torn by the conflicting claims of local and national interest. In spite of having fragmented opportunity it can be expected for policy innovation. On

³⁵ “Iran: Current Developments and US Policy”, CRS Report, Aug, 2003 pp 1-15.

³⁶ Report by the James Foundation, Monitor, vol 8, issue 85, may 2002 available at www.worldpress.org/special/pp/front.htm.

the brighter side, the United States has important energy interests in Central Asia. With its recent energy finds, Kazakhstan could become one of the largest oil exporters in the world. The United States has a strong interest in this oil getting to the world market at reasonable prices via multiple pipelines.

The 107th Congress supported government's efforts to promote a new pipeline from Kazakhstan to Azerbaijan, Georgia, and Turkey, the gateway to the entire Western oil market. It was also acknowledged that in addition to energy interests, the United States also has a strong interest in working with the existing Central Asian governments on combating drugs and on divesting themselves of their weapons of mass destruction materials.

Finally, domestic security concerns for the Central Asian region particularly about violent political movements also got due consideration³⁷.

The world gets nearly half of its energy from oil and this fuel accounts for over 40 percent of US energy use. Thus it is understandable that oil is the most important component in the world's energy outlook. But the recent visit of the Secretary of Defense Rumsfeld in Central Asia focusses on the increased concern of us policy makers on security concern in Central Asia.

U.S. Defense Secretary Donald Rumsfeld visited Kyrgyzstan, Kazakhstan and Turkmenistan to review U.S. cooperation with each of them in the framework of antiterrorism operations.

³⁷ US Congress ,House of Representatives, Subcommittee on Middle East and South Asia ,Committee on International Relations, Hearing on US policy in Central Asia , 107 Congress 1st Session, June 2001,Serial no.107-21,p-10 .

The US policy towards Central Asia can be understood by analyzing the statement of the Assistant Secretary of European and Eurasian Affairs, A. Elizabeth John .According to him The United States has three sets of strategic interests in Central Asia:

Security, including our fights against terrorism, proliferation, and narcotics trafficking;

Energy, involving reliable and economically sound transit of Caspian oil and gas to global markets, and the use of energy revenues to foster sustained and balanced economic growth; and

Internal reform, which encompasses democratic and market economic transformations can support human rights, and expand freedom, tolerance, and prosperity in these countries³⁸.

³⁸Quoted in *ibid*

Chapter 4

RESPONSE OF CENTRAL ASIAN REGION TO US POLICY

It is important to analyse the response of Central Asian Region on the presence of US oil companies because there has been a major factors influencing the response from the Central Asian states. Broadly they can studied under the following aspects:

- Response to US oil companies and
- Response to US Military involvement and presence.

In the 1990s, many strands of US CAR foreign policy coalesced into two distinct areas: political and economical instability of the Central Asian Region and the transporting oil through the existing pipeline infrastructure. The second aspect particularly involved the US oil companies in a major way and played a significant role in shaping pipeline politics. This chapter would seek to elaborate the major aspects of CAR response in order to highlight the negative and positive fallouts of US policy.

It was clear that in 1990, with the breakdown of the erstwhile Soviet Union major energy infrastructure projects would further the US oil company role in the CAR. It was also evident by mid 1990, that the oil companies would become a major factor influencing American policy towards CAR. The other aspect that would be important was the growing US military involvement which was essential by the US help in maintaining political and economic instability.

The strategic importance of the region and the potential economic game that would accrue with greater commercial investment has thus reinstated the American interest in the CAR. As an analyst has noted the great game of the 19th century has begun in the region. According to him the great game of the nineteenth century between Russia and the United States over the control of Central Asia seemed to reappeared over oil at the turn of the 20th century. This time, however, the United States appears to have become the chief contender to Russia's interests with Iran and Turkey in secondary roles.¹The location of Central Asia is an isolated landlocked region has been part of US assessment of how to protect its interest. The region is bounded on the north by Arctic Circle, on the east and west by vast land distance and on the south by a series of natural obstacles, such as conflict zone or sanctioned countries. In other words the natural resources of area are landlocked; both geographically and politically. There occurs political instability as well. Some countries of Central Region have unsettled latent conflicts are also noted. Others have evolving system where the law and even the courts are dynamically changing. Business commitments can be rescinded without warning, or they can be displaced by new geopolitical realities.²

About 100 years ago, the international oil industry was born in the Caspian/Central Asian region for the discovery of oil. Since the region was under the Soviet rule, region's oil and gas resources were generally known, but it was only partially or we can say poorly developed. The region contains tremendous untapped hydrocarbon reserves. Proven gas resources within Uzbekistan, Turkmenistan and

¹ Sheel k. Asopa, "Situating Trans Caucasus and Central Asia: Geopolitics and Geo-economics," Contemporary Central Asia (New Delhi), 6(1-2) April-Aug2002, pp14-31.

² Devendra Kaushik (Ed. By N. Khalfin), Central Asia in modern times: A history from the early 19th Century, (Moscow: Progress Publication), pp 1-60.

Kazakhstan are more than 260 trillion cubic feet. The region's total oil reserves may reach more than 60 billion barrels of oil.³

The major problem that remained unresolved is how to get the region's vast energy resources to the market where they are needed. To some the solution for this problem seemed to be simple: build a "New Silk Road". But the implementation of this solution was perceived to be very difficult.⁴

There are numerous factors which are responsible in influencing CAR response towards US oil companies. Though the already existing poorly developed pipeline infrastructure in the region is responsible for increased presence of US oil companies in the region, the political instability and the presence of Russia in neighborhood scenario can also be seen as added factors for the presence of US oil companies in the region.

A brief perusal on the Pipeline Infrastructure is useful to understand the context of CAR response to US oil company's presence. Due to the undeveloped infrastructure; export of Central Asian oil was not practically possible. The Soviet oil industry was never technologically able to develop offshore oilfields at great depth.⁵

Two major energy infrastructure projects were to meet this challenge. One under the aegis of the Caspian Pipeline Consortium (CPC). CPC was formed by Russia, Kazakhstan and Oman. It had a plan to build a pipeline from the Northern Caspian to the Russian Black Sea Port of Novorossiysk. From Novorossiysk, oil was

³ *ibid.*

⁴ As stated by Ander Gunder Frank in, "Caspian Sea oil: still the great game for central Eurasia", *Arab studies quarterly* (Michigan), 23 (1), winter 2001, pp. 73-80.

⁵ US Senate, Committee on Foreign Relations, Subcommittees on Multinational Corporation, *Hearing, "Multinational Corporation and United States Foreign Policy"*, 93rd Congress, 2nd Session (US government Printing Office, 1974), part 4, p-117.

to be transported by tanker through the Bosphorus to the Mediterranean and world markets. The other projects sponsored by the Azerbaijan International Operating Company (AIOC), a consortium of 11 foreign oil companies including four American companies-Unocal, Amoco, Exxon and Pennzoil.⁶ But even after building both the pipelines, it was realised that it did not have the capacity to transport all the oil expected to flow from the region in the future. Thus, US Company 'Unocal' argued that the crucial factor in planning these pipeline should be the location of the future energy markets that are most likely to need these new supplies. Since Central Asia was the meeting ground between Europe and Asia in centuries past, it was in a unique position to potentially provide service in both of these regions.

Americans also stressed that the lack of clearly designed legal structure to protect investment, and the absence of accepted western commercial practices, has affected investor's confidence in the region. As a consequence many of the region's governments have moved quickly to try to create necessary legal bases to boost that confidence. Several studies reports that the progress through the region has been very uneven.⁷

In this context, it should be noted that Azerbaijani's offshore oil fields have remained undeveloped to a larger extent. Therefore the Azerbaijan government has invited major foreign oil companies possessing necessary technology, capital and project organization to develop its offshore fields can be seen one type of response to this problem of undevelopment.

⁶ Quoted in *ibid*

⁷ Y Anoy A EL, "Central Asia: Transformation Towards Globalization", Contemporary Central Asia (New Delhi), March 1998, pp 21-32.

The negotiations of the development of these oilfields involve complex legal, technical and commercial issues also. Furthermore, the restructuring of the domestic oil industry and negotiation with foreign companies have been hampered by the frequent changes of government. In order to facilitate the growth of foreign investment Azerbaijan decided to adopt a flexible legal framework on oil contracts. In this context, a Public oil company was founded in 1992 by the Azerbaijani's government which adopted the norms of modern international oil companies. Now every negotiation with foreign companies is conducted through this government company.⁸

The energy resources, oil and gas in particular have now become the apple of discord in Central Asia. The stakes involved in the region are power influence- Security and Wealth.

This new playing field for the so called "Great-Game" is complicated by an array of problems such as intra-regional conflicts, political instability, fierce competition among multinational conglomerates and a shortfall in commercial expertise and legal infrastructure.⁹ The three countries which share the majority of the region, namely Kazakhstan, Azerbaijan, and Turkmenistan are landlocked which makes them dependent on their immediate neighbours for access to the Western market. The essence of this geopolitical game in Central Asia is twofold:

- Control of production of the oil and gas,
- Control of the pipelines which will transfer the oil to the Western market.

⁸ Resenaie fersythe, "politics of oil in the Caucasus and Central Asia", Adelphi Paper (300),(New York)1996 .

⁹ US Congress, House of Representatives, Committee on International Relations, Subcommittee on Asia And Pacific, Hearing on "US interest in the Central Asian Republics" 105th Congress, 2nd session, 12 Feb 1998,pp-16.

Following the collapse of communism, the ex-Soviet Republics of Central Asia, especially Azerbaijan and Kazakhstan, have been trying to exploit their natural resources seeing as the prime means of securing their economic and political independence. Though the oil deposits of the CAR may not be quantitatively comparable to the deposits of the Persian Gulf, but they are still considered of excellent quality and to provide a significant alternative source of energy in the 21st century. It is estimated that the entire Caspian Sea is a basin starting from Azerbaijan and continue to the opposite shore in the territory of Kazakhstan and Turkmenistan, which is full of oil and natural gas. These deposits are very significant because to the expected exhaustion of the deposits of Alaska and North Sea by the year 2015. John J. Maresca, the vice president of Unocal Corporation also outlined the significance of Central Asian Region in the contemporary international politics in general and oil politics in particular. In the opinion of John J. Maresca, Central Asia has been a meeting ground between Europe and Asia. It is a region of enormous natural resources.¹⁰

Given this background the domestic and geostrategic factors present in the CAR which are responsible for accepting US presence in the region are as following-

Political Instability

In most Central Asian Republics, after independence political power was transferred from Moscow to local autocratic ruler. There is little popular participation in the political process. Several studies points out that the new states of CAR suffer from political instability because of their ethnic balance. Soviet authorities under Stalin drew their borders in a way that made each state a certain numbers of different

ethnic groups. Immigration of Russian and other Europeans as well as deportations subsequently compounded the ethnic diversity which further led to the divided political entities. This was the way for the Soviet masters to divide and rule. They split the republics by ethnic cleavages as they split each nationality in several republics. The purpose was to prevent any ethnic group from having its exclusive political and administrative entity. Stalin's objective was to divide the nationalities to promote the Soviet notion of progress. For example, there are substantial Uzbek minorities in Kyrgyzstan, Tajikistan and Turkmenistan. In at least one case, Kyrgyzstan, the new nation received its official identity and language from the Soviets in the 1920s. The motive was a Soviet attempt at dividing the Kazak nation.¹¹

Geostrategic Location - The Central Asian states have always been the area of regional influence, political maneuvering, shifting alliances, commercial competition and outright war. It has always been vulnerable to the intervention of a variety of interested politics outside the region. Being an important area of the eastern hemisphere it occupies area adjacent to several nuclear powers such as Russia, China, India, and Pakistan. It is also located in proximity to a potential nuclear power, Iran¹².

For instance Russia's economic interest was thus to capture part of the economic rent from the region's oil and gas through a preferential access and prices below those of the world market and eventually through transit fees. Russia's political interest in relation to Azeri and Central Asian oil and gas seems to be first to deny other external power control of the region.

¹¹ Quoted in *ibid*

¹² P.L.Dash, "Pipeline Politics: Route Option for Central Asia Oil Trade", Economic and Political Weekly, (Mumbai), 35(37), Sep 2000, pp 9-15.

Iran is another actor which needs special focus with respect to the Central Asian Republics. Iran's interests are briefly to get the Caspian and Central Asian oil to the Gulf and establish close political and economic ties with the region.

First-Iran has a desperate need for foreign exchange and would benefit from oil and gas transit fees. Second-With oil and gas transit, Iran would be in a better position to develop trade with the region. Central Asia could eventually become an important market for Iranian manufactured goods. In turn the combination of oil and gas transit and trade could establish Iran as regional power in Central Asia. Third-With oil transiting from Central Asia to Iranian Gulf parts, Iran would strengthen its position in the Gulf, essentially in relation to Saudi Arabia, potentially in relation to Iraq also. Emerging as a Central Asian power would also reinforce Iran's position in relation to the Gulf neighbours.¹³

Turkey remains committed to a close relationship with the countries of the Central Asian Region (CAR). It has made significant effort in forming sound relations with the most populous of the Central Asian states, Uzbekistan. Turkey has expressed concerns about Russia's behaviour in the Caucasus and Central Asia, and has emphasized the need for these countries to decrease their dependence on Moscow, particularly for an oil export route. The Turks points to Russian policy on the Nagorno-Karabakh issue, and the Abkhaz separatist rebellion in Georgia as prime examples of what they see on Russian aggressive regional posture.¹⁴ China has recently invited foreign companies to help the exploration and development of the regions but in spite of having insufficient capital and lack of technological know-how,

¹³ Quoted in *ibid.*

¹⁴ Michael Dillon, "China and the US Bases in Central Asia", *World Today*, (London), 58(7), July 2002, pp 13-18.

China has reserved the promising fields for its own state firms. It hopes for the Tarim Basin bear fruit, Beijing may become more interested in participating in one or more of the many pipeline proposals in the region under discussion¹⁵. With regard to Pakistan, the Pakistani leaders are as nostalgic as the Iranian about the creation of “silk route”. They confront problems of chronic unrest in Afghanistan which lies between Pakistan and the Caucasus and Central Asia. Due to this instability financing a venture in silk-route style transport links would be difficult.

Russian interests are preferential access to Central Asian oil to affect decline in Siberia and regaining economic & political control of the region. Insofar as Russia’s political and economic development lags five to seven years behind that of neighboring Poland. Russia is likely to see a strong increase in its oil and gas requirement during the first two decades of the next century. Russia will most probably need more oil for quickly growing parks of cars and trucks. Presumably, Russia will also experience a rapid increase in electricity demand in its residential and service sector, for which natural gas is likely to be the most favorable sources of generations.¹⁶

Russia has an interest in controlling Caspian and Central Asian oil and gas exports to improve her own bargaining positions with western oil companies/investors. The stakes are access to capital and market power.¹⁷

The oil and gas export pipeline are the instruments giving Russia a potential leverage. This is regardless of the fact that for the populations and political elites in Azerbaijan and Central Asia, nationalism is on the agenda, not any new subservience

¹⁵ Quoted in *ibid.*

¹⁶ Ajay Patnaik, Central Asia between Modernity and Tradition, (New Delhi: Konark Publication, 1996) pp-10-36

¹⁷ Quoted in *ibid.*

to Russia. Russia apparently also has the means to obstruct or disturb any oil and gas transit through Georgia and hence may be in practice any transmit route through turkey. Russia's connection with Armenia is important in this respect, but this is not Russian only means of pressure.¹⁸

Mediation between Russia and the Caucasus and Central Asia is turkey's principal interest in increasing its own influence there. Turkey is particularly keen in building pipeline to carry Caspian oil out through Turkey. Such pipeline will generate the substantial benefits in terms of income and job.¹⁹

As the evidence of key players and policy towards the Central Asian Region shows, US policy towards the region has economic, political and geostrategic angles.

US policy has been to avoid any understanding between the regions oil and gas exporters and Iran, to prevent the latter from serving on transit point. Since the end of the cold war the United States has viewed Iran as one of the major adversaries. Hence for years US policy towards Central Asia has apparently been aiming at isolating Iran and for that United States was ready to comply with some of Russia's interest. For example, in 1995 the United States government vetoed any Iranian participation on the Azerbaijan oil consortium but accepted a Russian participation. With Russia asserting her interests in the region's oil, the US position will be under increasing pressure to change. The dilemma is that the United States seems to have an overriding concern to avoid the oil from Azerbaijan and Central Asia reaching the gulf.²⁰

¹⁸ Y Anoy A EL , " Central Asia: Transformation Towards Globalisation", Contemporary Central Asia (New Delhi), March 1998, pp 25-32.

¹⁹ Quoted in *ibid.*

²⁰ See f. n. 1.

US oil companies have been negotiating with the past Soviet republics of Kazakhstan and Turkmenistan for access to the oil for years but it proved to be difficult by political instability in the region. Oil conglomerates were torn between two possible pipeline routes to western market: west through the war torn Caucasus Mountains to Turkey, south through war torn Afghanistan to Pakistan and the Arabian sea.²¹

As has been detailed earlier, it was during the administration of Bill Clinton when the investment of US oil companies in the Central Asian Region was initiated and encouraged too. And it was Dick Cheney: CEO of 'Halliburton' who was successful in winning contracts from the region. In 1994 Cheney helped to broker deal between the oil company 'Chevron' and the state of Kazakhstan while he was sitting on the oil advisory board of Kazakhstan. According to Amraillo Globe news in 1998 there was a talk of oil executives in which Cheney said that "the current hot spot for major oil companies are the oil reserves in the region. Former Soviet states, Azerbaijan, Kazakhstan and Turkmenistan all are seeking to quickly develop their oil reserves which languished during the years of Russian domination."²²

In trying to enunciate the response of CAR states is illustrative. It was reported that it had gone through at least twenty drafts, but was not passed before its parliament was disbanded in 1995. Some improvement in this area has occurred. However the governments with international oil funds are trying to move ahead.²³

²¹ Hans Jacob and Bull Berg, "U.S. International Oil Policy: Patterns of the Past Define Future Policy", Energy Policy (Guilford), Vol. 1-16, No 3, July 1998.

²² Christopher Dockey, Steve Levine and John Barry, "Carpetbaggers of Kazakhstan", Newsweek, 7 April 1998, pp 13-14.

²³ Letter From The Law Firm Debevoise and Plimpton "To Our Friends:Kazakhstan oil and Gas Legislation, Recent Development", May 5,1994.

Kazakhstan seems to have the brightest economic prospects of all Central Asia. Hence the Kazak government had an interest in developing quickly oil and gas reserves. Nursultan Nazardayen of Kazakhstan has gained power through the control of oil reserves. He visited Washington and Houston during Clinton Administration and signed contract with 'Texaco', 'Mobil', 'Chevron' and other US oil companies.²⁴ Foreign oil companies have pumped \$3.5 billion into the Kazak economy since 1991, establishing joint ventures with the state oil company in the huge Tengiz oil field. (Chevron, Mobil), the Karaganak oil field (Texaco , British Gas) and oil exploration site offshore in the Caspian Sea (Mobil, Shale).²⁵

As many commentators point out that Nazarbayev has established closed ties with US imperialism carrying out the most rapid privatization of any of the former Soviet republics authorizing joint military exercises with American forces on Kazak soil and the he appointed Nurlan Balgimbayev , a former employee of Chevron oil as the prime minister.²⁶

The principal issue in discussion between the president of Kazakhstan and the President of US, Bill Clinton, was the choice of pipeline routes to bring his country's oil and gas to the world market. Both of them wanted an alternative to the Russian controlled Baku – Navorossisk pipeline. The US government was opposed to the shortest and most economical pipeline, south across Iran to the Arabian Sea and

²⁴ Quoted in *ibid.*

²⁵ Robert M. Culter, "US International in Afghanistan: Implications for Central Asia" Global Affairs Commentary , available at www.fpiif.org/Commentary/2001/01111_afghanint_body.html.

²⁶ Isabel Gorst, " Central Asia: Kajakhstan Gearing Up to Shift Offshore", Petroleum Economist, (London), 70(11), Nov 2003, pp 28-30.

pressed Nazarbayev to support an east-west pipeline from Baku through Georgia and Turkey to the port of Ceyhan on the Mediterranean.²⁷

Similarly the president of Turkmenistan received special advisor to the US President and US Secretary of State on energy diplomacy on the Caspian region, John Wolf. The US diplomat expressed his confidence that in the near future Turkmenistan will reach a triumphant success in the energy sector and particularly in transport its strategic goods to world markets. The US special envoy of the US President and the US Secretary of State informed the Turkmenistan President about the organisational work done to advance the Transcaspian gas pipeline project from Turkmenistan to Turkey. He presented a personal message from the US Vice President AlGore to the US administration's support for this pipeline route which has big importance not only for strengthening the independent development of Turkmenistan but also for the extension of mutually beneficial cooperation in the region and Eurasia. He also communicated the US desire to help in order to accelerate the project. The Turkmenistan President discussed in detail with special advisor of the US President and US Secretary of State all measures related to accelerating the process of funding solutions to issues on funding the project and beginning construction. In the words of Turkmen President

*"We are not concealing the fact that behind the event stand the effort of our friend, primarily US President Bill Clinton and Vice President Al Gore."*²⁸

From the petroleum point of view Kazakhstan, Turkmenistan and Uzbekistan are the major reservoirs. However, due to political instability and lack of

²⁷ Jan H. Kalicki, "Caspian Energy at the Crossroad", Foreign Affairs, (New York), 30(5), Sep-Oct 2001, pp 120-35.

²⁸ "AL Gore Backs the Caspian Pipeline", Turkmen Television, Ashkhabad, July 19, 1999.

technological know how they are unable to exploit their natural resources. These countries have autocratic government and they all face fundamental political problems. But one characteristic of the region should be taken into account that the level of education in the Central Asian region is much higher than the other oil exporting region such as Middle East and North Africa. Due to the level of education being high the autocratic government is not acceptable there and especially in cases when they do not deliver economic progress. Therefore the survival of these regimes is very much depended upon their ability to attract oil investors.²⁹

In 1991 a number of US companies such as ‘Pennzoil’, ‘Unocal’, ‘Amoco’ together with British Petroleum, McDermott ,Ramco, TPAO and Statoil – began negotiating with Azerbaijan to develop the Azeri ,Chirag and Guneshi fields in the Azeri sector of the Caspian sea.³⁰

‘Unocal’ spearheaded the Afghan project in 1998. It had to build a 1005- mile oil pipeline and a companion 918 mile natural gas pipeline. In addition to this it had to build a tanker terminal in Pakistan’s Arabian Sea port of Gwadan. The company projected annual revenues of \$2 billion or enough to recover the cost of project in five years. As reported by journalist Jan Goodwin, ‘Unocal’ opened offices in Kazakhstan, Uzbekistan, Pakistan and Turkmenistan. It got every faction of the Afghan northern alliance to sign on.³¹

The US is not merely engaged in Central Asia; it is physically there in the region and has become a central player. The countries of Central Asia have facilitated the growth of American influence in the region. All though some of the leaders of the

²⁹ Quoted in *ibid.*

³⁰ Timothy Wirth E, Boyden C Gray., John D. Podesta, “The Future Energy Policy,” *Foreign Affairs* (Network), July-August 2003, pp132-140.

³¹ Quoted in *ibid.*

Central Asian states were disappointed at the collapse of the Soviet Union. There is no doubt that today generally engagement with the US oil companies with the region is useful for following reasons:-

- The countries of the region recognized the importance of foreign investment on way of strengthening their economies. And economic engagement with the US as the pre-eminent economic power can not be just a driver of economic growth. American economic involvement are often seen by the CAR as having multiplier effect. The pressure of United States through its oil companies are viewed as balancing china and Russia in the region.
- American influence and now presence is seen as the Moscow's acceptance. This is probably an expectation that Moscow may gain politically and economically from American engagement if it negotiates a deal rather than adopts a policy of confrontation.³²
- Even before the events in Afghanistan in addition to Uzbekistan other CAR also deemed it advantageous to do business with the US. For instance in Kyrgyzstan offered a US military base on its territory in lieu of repayment of its debts
- The presences of the US oil companies have been viewed by the Central Asian countries as a stimulating factor their economies. But their have dissatisfaction too. For instance ex-Kazakhstan premier Akezhen Kazhegeldin in an interview with Washington (FOX) News expressed that though US oil groups including the then Mobil Corp and Amoco Corp paid hundred millions of dollars during

³² Mathew Edward, "The New Great Game and the New Great Gamers", Central Asia Survey, (London) Vol. 22, No-1, March 2003, pp 84-97.

the 1990 for Kazakhstan oil rights, but much of the money went into the account of president Nursultan Nazarbayev and other senior officials.³³

As an analyst noted the response of the Central Asian Region has been through a consistent line in terms of investment. However, it can not be denied that after the disintegration of the erstwhile Soviet Union and thereby the emergence of these newly independent states, there was desperate need for US investment in the region. The investment was also encouraged to ensure the balance of power in the region and avoid Russia's monopoly of its energy resources. Central Asian States have been always keen in securing the support of US government and in turn they supported the US on every front. For instance during the US led war on terrorism, Kazakhstan has granted US and Western companies leading role in developing Kazakhstan's crude oil reserves. The countries of the Central Asian Region has realized that maintaining cordial relationship with US is important for their economic and more specifically oil related resources. They have acknowledged the fact that good relationship with the US would facilitate the US investors in the region. While, new US investors in Kazakhstan are facing difficulties. High oil prices have emboldened the Kazakh government to strikeout "sweetheart" deals in the early 1990 from a position of weakness. A new investment law has also rewritten the rule of engagement to Kazakhstan's benefit.³⁴

³³ Akezhan Kazhelgdon, Ex-Premier of Kazakhstan in an Interview with Washington (AFX) News July 2001.

³⁴ Robert M. Culter, "US International in Afghanistan: Implications for Central Asia" Global Affairs Commentary, available at www.fpiif.org/Commentary/2001/0111_afghanint_body.html.

RESPONSE TO THE US MILITARY INVOLVEMENT

The US significant impact of the US Military presence in the region on CAR has also been subject of keen security by scholars and analysts. As the major component of US policy towards the region, military presence of US troops in CAR has been welcomed the countries as part of their geostrategic and domestic compulsion. It was also clear that the linkage between the US military presence and the oil companies i.e. energy security in CAR, has shaped their response. The question however is how the CAR's response to American military presence and American oil companies changed after Sep 11 2001 attack on the US. Further some illumination on whether the CAR response has been conditioned by American pressure is needed to understand the underlying perception and interest of CAR. This part of the chapter would focus towards the above mentioned components individually.

The development of American relations started virtually after the disintegration of the Soviet dissolution on 1991. The Clinton administration moved rapidly to create diplomatic, political and economic ties with countries about which the American government was relatively ignorant in the early years.³⁵

The United States committed itself to promoting and protecting the security and sovereignty of these new states. As a consequence of the sharp cutbacks in the funding for the State Department and for other political instrument of American foreign policy in previous administration, some of the initiative fell almost by default to the Pentagon. Under the leadership of the then defense secretary William Perry the

³⁵ Hans Jacob and Bull Berg, "US International oil Policy: Patterns of the past define future policy". Energy Policy (Guilford), Vol. 16, No. 3, June 1998.

partnership for peace program was inaugurated as both a way of handling the delicate issue of NATO enlargement but also as a way to develop broader ties with the Central Asian countries and to promote the democratization of their Soviet-style military institutions and behaviours. This program laid the foundation for a growing network of cooperative political and military ties to Uzbekistan in particular which played an unexpected but significant role in facilitating the joint effort after the Sep. 11.³⁶

Central Asia's fundamental attribute is its proximity with to East Asia, South Asia and the Middle East. This geostrategic location of Central Asia makes it a dynamic system of interstate relations. The competing struggle for influence among various small and great powers and the determination of Central Asian rulers by diversifying their security policies are constant factors in regional relationships.³⁷

From the late 1990s till Sep 2001 it appeared that there was Sino- Russian hegemony which intended to dominate over Central Asia. But perhaps the sudden and long term military presence in the region in the wake of Sep 11, 2001 attack and subsequent US "war against terrorism" changed the equation. The United States, over the course of its anti terrorism campaign in Afghanistan has gained a foothold in Central Asia. The Central Asian Region has also seized on this opportunity to diversify their security relations. Apart from the geostrategic compulsions there are some domestic factors as well which are responsible for accepting US military presence in the region.³⁸

³⁶ Leonardo Maugeri, "Not in oils Name", Foreign Affairs, (Newyork), vol.82, No-4, July August, 2003, pp-165-172.

³⁷ Quoted in *ibid*.

³⁸ Isabel Gorst, "Central Asia: Kazakhstan Gearing upto shift offshore" Petroleum Economist, (London), 70(11), Nov. 2003, PP. 23-30.

The case of Uzbekistan is of particular interest. Its leadership sought to maneuver in very complex ways between the United States and Russia in trying to promote its domestic and foreign policy interests. On the one hand, it went further than any other Central Asian country in resisting Russian efforts to preserve its hegemony over the region. It not only played an active role in the partnership for peace program but also pursued regional corporation with like minded states by joining the GUUAM group (GUUAM stands for Georgia Ukraine, Azerbaijan and Moldova) which has created as a counterpoise to the Russian dominated commonwealth of independent states and has sought to develop closer links to the US and to European countries.³⁹

However, Uzbek leadership was well aware that Russia remained a key player in the region. While the United States was ultimately a distant and uncertain partner, where as Russia, by geography, by history and by political, economic and security interests, was likely to continue to play a considerable role in the region. Both countries also shared similar interests in Afghanistan. Russian political and military support for the Northern alliance, and hostility to the Taliban, coincided with Uzbekistan's policy. In short, Uzbekistan was in the midst of a very complex set of relationships with Russia and United States when Sep. 11 suddenly gave a new vitality to the entire Uzbek-American relationship. President Karimov moved very quickly to offer tangible support to the US military campaign, including granting the American government use of a much needed military base close to Afghanistan. He

³⁹ US Congress, House of Representatives, Committee Report On International Relations, Staff Report On "Major Setbacks Looming for American Interest" 1996 p-7.

managed to win some still secret security assurances from Washington, as well as promises of political and economic support whose dimensions are not fully clear.⁴⁰

The addition of the Islamic movement of Uzbekistan to the US state Department's list of terrorist organizations was undoubtedly a welcome gesture. The president of Uzbekistan also tried to extract some longer term commitment that the US would remain engaged with Uzbekistan ever the longer term and not quickly withdraw its support when the military campaign in Afghanistan ended. The event of Sep. 11 prompted a significantly deeper level of engagement of the two countries and promised a longer term relationship in the future, although its concrete outlines remain as yet unclear. It also remains unclear how for the American leadership will go in toning down some of its criticism of human rights and political abuses in the interest of cooperation in the war against terrorism.⁴¹

Among the domestic factors apart from the political instability and growth of terrorism in the region, economic instability of the region also requires due consideration. The economies of the Central Asian Region performed badly for a decade. Actually the independence of the Central Asian Region in 1991 brought huge economic problems. The collapse of the USSR meant the end of the budgetary support from the Moscow. This affected most areas of civil administration and social security. Other effects of the collapse included a rapid end to the distribution system that carried imports and exports between the Soviet Republics, a sharp decline in industrial production, large scale immigration of management and intellectual elites. Specifically, Kyrgyzstan and Tajikistan, with poorest resources and the weakest

⁴⁰ Michael Dillon, "China and the US Bases in Central Asia", *World Today* (London) 58(7), July 2002, pp. 13-18.

⁴¹ Quoted in *ibid.*

infrastructure, suffered the sharpest economic decline. In Tajikistan , the economy was further devastated by civil war. Therefore, due the very weak economic situation there was a very limited prospect for foreign investment. As an analyst has noted the poor economic condition of the Central Asian Region made them realised that the support of US can give them the much needed aid also from the US. Hence they moved rapidly ahead to establish economic relation with the US further. In this connection it is useful to note that US can influence the international financial institution like World Bank and IMF to provide loans and aid to these Republics.⁴²

There are several difficult new challenges which American foreign policy makes have to address while considering the relations with Russia and Uzbekistan. The first problem is one which besets the entire anti-terrorist coalition: the problem of defining terrorism. It has often been argued that one man's terrorist is another man's freedom fighter. The new anti-terrorist coalition embraces partners who have divergent and often conflicting agendas of their own.⁴³

The United States faces a similar problem in its relations with Uzbekistan. Uzbekistan has been repeatedly criticized by the US government and by the NGOs for its massive abuses of human rights. For the moment, criticism of those abuses is likely to be muted in the interests of smoothing the relations between the governments. It will resurface in the future as a consequence of international and domestic pressures.⁴⁴

The cases of Pakistan, Chechnya, and Uzbekistan illustrate a broader problem: The danger that the anti-terrorist campaign will lead to a drastic subordination of

⁴² John Anderson , The search for identity": Nation Building and the Islamic factor in the International Politics of Central Asia, (Manchester: Manchester University Press, 199), pp154-159.

⁴³ Jim Nichol, "Central Asia's New States: Political Development and Implications for US interest," Congressional Research Service, May 18, 2001 Also available at [Http://www.cnie.org/nle/inter-76html](http://www.cnie.org/nle/inter-76html).

⁴⁴ Quoted in *ibid*.

concerns with human rights and political repression in countries supporting the coalition and the use of a double standard elsewhere.⁴⁵

The greatest challenge has to do with the future role of the American government in the region. The event of Sept 11 and the military campaign in Afghanistan and in Central Asian Region (CAR) subsequently have involved the United States deeply in a region which was previously treated as marginal to core American interests. In the process, new ties have been forged with political and military leaders in Pakistan, Uzbekistan, Russia and other states in the region, ties which create some measure of responsibility for continued engagement in shaping the future of the region. But this challenge has not yet been confronted.⁴⁶

It must be noted that the US security policy in the region prior to Sept 11, 2001, towards Central Asia was focused on the following issues.

- Elimination of the threat caused by the WMD (weapon of Mass Destruction)
- Strengthening of the sovereignty and independence of the Central Asian states.
- Supporting defense reforms, in order to help these states to reform their militaries to transition from the Soviet era legacy of top-heavy, bloated militaries to smaller more professional forces capable of supporting legitimate defense needs.
- Encouraging participation or NATO's partnership for peace.
- Promoting regional peacekeeping capabilities and,

⁴⁵ Satish Chandra, "Central Asia: The new Great Game," Journal of Indian Ocean Studies (New Delhi, 10(1), April-2002, pp. 54-56.

⁴⁶ Quoted in *ibid.*

- Fostering greater regional cooperation.⁴⁷

The specific activities taken before the 9/11 included:

- Activities under CTR (Cooperative Threat Reduction) and training for reform and modernization.
- Central Asian officers and soldiers attended US military schools and participated in the training program. These include the courses and seminars sponsored by the INET (International Military Education and Training Program at The Marshall center in Germany).
- Some Central Asian nations have played active role in the NATO partnership for peace (PFP) “CENTRASBATS” (Central Asian Battalions) and Regional cooperation exercises.⁴⁸

However, after 9/11 the level of US military engagement in the region has been increased significantly. An American military base has been established at the Manas International Airport, Kyrgyzstan being the most forth coming states in order to encourage military engagement in the region. The Kyrgyzstan’s parliament approved with extraordinary speed the status of forces Agreement. American base at the Manas International Airport include the forces of many American allies: France Italy, Turkey, Norway, Canada & South Korea.⁴⁹

Uzbekistan has been most vocal advocate of the OEF (Operation Enduring Freedom). Moreover, Uzbekistan’s President Karimov has strongly advocated active US and coalition involvement in the region. It can be said that Uzbekistan’s struggle

⁴⁷ Thomas Valasek, “Terror and oil an Central Asia”, CD, Weekly Defense Monitor, Vol. 6, issue no. 18, (June 13, 2002).

⁴⁸ Ibid.

⁴⁹ See f.n. 26.

against an indigenous terrorist group the IMU (Islamic movement of Uzbekistan) facilitated the military engagement by the United States government in the Central Asian Region.⁵⁰

Kazakhstan, the largest state in the region has also supported and encouraged the US military engagement in the region. The Kazakhstan government has agreed to provide over flight clearance for US and coalition aircraft. It has also allowed the use of its air field facilities. In addition Kazakhstan has also expedited rail transshipment of supplies to US bases at Karshi – Khanabad on Uzbekistan and Manas, Kyrgystan.⁵¹

In addition to the above mentioned cooperation offered by the Kazakhstan for the establishment of US military base in the region. It has also expressed its desire for the increased cooperation with the United States for restructuring their Armed forces and the development of a capability to secure their oil pipeline and Caspian energy resources. They have also acknowledged the terrorist activities which have been originated in the southern part of Kazakhstan. They are keen to reorganize their forces to address the threat due to growing terrorism. They have engineered a plan to use US security assistance funds. to upgrade the facilities in the in western part of the country to support naval and military operations designed to enhance Caspian sea security.⁵²

Turkmenistan and Tajikistan have also supported United States in OEF (Operation Enduring Freedom). Turkmenistan has provided over flights and refueling

⁵⁰ Karimov Islam, Uzbekistan on the threshold of the 21st century,(Richmond: Curzon Press, 1997), PP- 34-36.

⁵¹ Isabel Gorst, "Central Asia: Kazakhstan Gearing upto shift offshore" Petroleum Economist, (London), 70(11), Nov. 2003, PP. 23-30.

⁵² Ibid.

operations for humanitarian flights. Tajikistan has allowed the use of its international airport in Dushanbe for coalition refueling and basing.⁵³

So it can be noted that after the disintegration of the Soviet Union, Russia's power and influence weakened to a great extent and as a consequence the CAR turned national consolidation and there by forged new regional economic and political alliances since there was the constant fear of revival of Russian imperialism among the states of Central Asia, they looked for alternative who can counter the dominance of Russia. Therefore, the CAR has been engaged in a number of US – led political, economic and military assistance and development programmes.⁵⁴

Even before the event in Afghanistan i.e. 9/11, apart from Uzbekistan other CAR also deemed it advantageous to do business with the United States. For instance, Kyrgyzstan offered a US military base on its territory in lieu of repayment of its debts. Even Tajikistan which is largely under the Russian looked for Americans, British and French investment in great measures.⁵⁵

The bilateral US military relations and exercises with Central Asian States since the mid -1990s have clearly been translated into close cooperation i.e. seen today in the campaign in Afghanistan. The Central Asian countries have already proven to be invaluable – particularly Tajikistan and Uzbekistan – to the US and its allies in providing a location for the staging of military operations and for logistical operations. After Sep 11 Uzbekistan has emerged as the most important regional power. It has become important not only because of the fact that it has a border with

⁵³ Jan H. Kalicki, "Caspian Energy at the Cross Road", Foreign Affairs, New York, 80(5), Sept-Oct. 2001, PP. 120-35.

⁵⁴ Michael Liebig, "NATO in the emerging Eurasian Triangle and the Caucasus/Central Asia Region", Contemporary Central Asia, (New Delhi), 3(1) April, 1999, PP. 23-32.

⁵⁵ Suante E. Cornell, "America in Eurasia: One year after", Current History, (Philadelphia), 101(687), Oct. 2002, PP. 330-36.

Afghanistan but also due to the fact that it shares border with the other four countries of the region i.e it is the heart of Central Asia.⁵⁶

Uzbekistan and Tajikistan immediately offered basing facilities for US and allied forces. Turkmenistan has offered logistical support and search and rescue provisions. Uzbekistan granted the coalition the use of its Khanabad base. Along with Kazakhstan and Kyrgyzstan, these states have provided over flight rights and intelligence sharing. Kyrgyzstan's parliament has also voted to allow the US and its allies to use its airport for military and humanitarian activities in Afghanistan for up to a year, including the use of the strategically located Manas base.⁵⁷

It can be observed that the military co-operation typically works both ways. It can provide training and equipment of the host countries, as well as the economic aid packages and trade agreement. For instance, Uzbek delegation visited Washington in late Nov. 2001, and received promises for \$ 100 million in aid. It was followed further by an announcement that the International lending organizations such as EBRD (European Bank for Reconstruction and Development) would also grant loans to Uzbekistan. In 2002, the Bush Administration has promised over \$ 52 million in assistance to Kazakhstan, partly for military equipment.⁵⁸

⁵⁶ Sylvie Babus and Judith Yaphe, "U.S. Central Asian Security in Strategic Forum, Institute for National Strategic Studies National Defence University, January 1999, available at www.ndu.edu/inss/strforum/SF153/forum153.hotmail.

⁵⁷ Michael Dillon, "China and US Bases in Central Asia", *World Today*, (London), 58 (7), July 2002, PP. 13-18.

⁵⁸ Vernon Loeb, "Footsteppes of Central Asia: New Indicates US Presence Will be Felt After Afghan War" in *Washington Post*, Feb9,2002, www.washingtonpost.com/wp-dyn/content/article/2005/06/03/AR2005060301655-pf.html, internet accessed.

The CAR has been hoping that the American presence and peace in Afghanistan will ultimately benefit the oil industry which has for long been trying to find a way to bring the oil and gas to the international market.⁵⁹

The present Bush Administration in the United States is now beginning to think about long policy towards CAR in the changed circumstances. US policy towards CAR is strongly opposed by Russia, China and Iran. The reason for this resentment is obvious, Uzbekistan is home to a permanent American base at Khanabad housing 1,500 personnel and Manas, near Bishkek in Kyrgyzstan is described as future “transportation hub” housing 3,000 Soldiers, Warplanes and surveillance aircraft. More airfields are under US control on Tajikistan and Pakistan. Pentagon has begun regular replacement and rotation of troops, thereby institutionalizing what were at the outset temporary, emergency deployment.⁶⁰ But the response of Central Asian countries has started changing the Sep 11, 2001. It can be observed that the future of the US military deployment in Central Asia has been thrown into doubt by Uzbekistan and Kyrgyzstan. (Shanghai Cooperation Organisation) has recently called for eventual withdrawal of the US from the Central Asia. Despite the contribution of the Uzbek president Karimov to regional security, he has also been at the forefront of the SCO’s move to limit the duration of US military deployment in Central Asia.⁶¹

The Uzbek foreign ministry has rapidly supported the SCO’s instance. The government of the region has argued that the deployment was always intended to be temporary in its nature, aiding the operations in Afghanistan to oust the Taliban and

⁵⁹ Quoted in *ibid.*

⁶⁰ Roger McDermott, “U.S. Military Presence in Central Asia in Doubt, Published by James Town Foundation available at www.jamestown.org/edm/article.php?article_id=2370009.

⁶¹ Romantu Maitra, “US Scattered bases to Control Eurasia” in *Central Asia Times* available at www.atimes.com/atimes/Central_A/D112Ag01.html-25k, internet accessed.

stabilises the country by authorizing flights from the K2 to support humanitarian relief effort and rescue operations to Uzbek territory.⁶²

Now Karimov has founded an unexpected ally in Central Asia with Bakiyev's presidential elections victory in Kyrgyzstan. In the words of president of Kyrgyzstan Bakiyev "we all know that the Kyrgyzstan and Uzbekistan provided their territories for military aircraft to fly over. This means the whole world united and fought against international terrorism and war in Afghanistan. There indeed has been a real war. Military aircraft and strong forces were used there. All this is not there now. Presidential and parliamentary elections have been held in Afghanistan. The situation has stabilised there. This means that now one can start considering the issue of deployment to US forces. Time will show when this will happen and how. I believe this will take place in line with the due procedure."⁶³

The Uzbek foreign ministry has repeatedly stressed key points to explain its reservation concerning the American military presence in the country. The United States has paid no payments to reimburse additional expenses incurred by Tashkent as a result of increasing security at the airfield, creating and maintaining the infrastructure thereof in coping with environmental damage and inconveniences to the local population.⁶⁴

⁶² Quoted in *ibid.*

⁶³ See f.n. 26

⁶⁴ See f.n. 27

CONCLUSION

All economies run on energy. The more energy available to a society, the better prospects for sustained growth. Energy is the lifeblood of every industrial society. It occupies a prominent place in US foreign policy. According to Henry J. Hyde, any interruption in the flow of oil will be considered as vital threat to national security. It is the tightness of the international oil market and dependence on imported oil which shapes the energy policy of the United States. National leaders and corporate executives, both are stepping up their effort to gain control over major sources of oil and gas. Global struggle for energy is intensifying day by day. The global supply of energy is not growing fast to keep up skyrocketing demands. The National leaders and corporate executives, both are stepping up their effort to gain control over major sources of oil and gas. Global struggle for energy is intensifying day by day. The global supply of energy is not growing fast to keep up skyrocketing demands.

Now national leaders are placing great emphasis on the competitive pursuit of energy. This is evident from the recent visit of Condoleezza Rice, The Secretary of State around the world. Whether in India, Russia or Latin America, she raised the energy issue at every turn and pressurised American allies and business partners both to supply United States with more oil and ignore the repeal of "rogue" producers like Iran and Venezuela. It can be observed that the demand for policy action on energy issues reached a high crescendo only after the oil embargo of 1973. Further it was the 1990-91 energy crisis which forced the administration to develop a national energy strategy. Finally Sep 11 broke the old barriers and opened up new horizons. Consequently United States started

looking for an alternative in order to fulfill its energy requirements and United States realized the interdependence of smaller world such as Central Asia.

Chapter 2 deals with considerable continuity and change in the US energy policy in various administrations. It was the President Nixon who first warned the people of United States against national energy crisis. The successive administration realized the problem of energy crisis in 1980. The disagreement over the appropriate mix of public and private remedies to solve the problem persisted for a quite long time. Energy problem was treated as “National Emergency” by the Carter Administration. But altogether a different approach towards energy issue was followed by the Reagan Administration. The Department of Energy (DOE) was considered as inefficient and unnecessary bureaucracy by the Reagan Administration. Ronald Reagan tried hard to abolish DOE but he could not persuade congress to do this. Clinton’s administration energy policy was influenced to a greater extent by the environmental concern. The Bush administration is seemed to be aspired for efficient, clean and convenient and affordable energy future.

The Central Asia and the Caspian Region is blessed with abundant oil and gas that can enhance the lives of the regions residents and provide energy both to Europe and Asia. There appears to a clear hard-headed thrust in the US foreign policy towards Central Asia. Of course it accentuated after the terrorist attack on the WTC and Pentagon. It was realised by the administration to enhance the relationship with the five Central Asian countries and prevent them from becoming “harbors for terrorism”.

Further chapter 3 deals with the thrust in US energy policy towards the Central Asia which can very well be visualized by the congressional hearing of 1998. There

appears a synergy between the American multinational, the State Department, the Pentagon, US Aid and several think tanks by the 105th congressional hearing of 1998. Apart from the energy security, the other policy concerns which surfaces by analyzing the 105th Congressional debate on Central Asia, it appears that supporting the sovereignty of the Newly Independent States, encouraging private investment and breaking Russian's monopoly over oil and gas transport by building pipelines are also included in their energy policy goals towards Central Asia.

Congress has viewed US foreign policy towards Central Asian Region in strategic terms. The region is viewed by the most member of the Congress through one or more of the following reasons such as the Azerbaijan- Armenia issue US policy towards Iran US policy towards Russia and Partition and domestic politics.

It was in the 107th Congress when it was acknowledged that the Central Asia and the Caspian Region is blessed with abundant oil and gas. The tragedy of Sep 11 has proved to be catalyst for the "ferocious" new engagement in the region.

It was realized that developing cost-effective profitable and efficient export routes for Central Asia was difficult. But it was taken as an important task. It was realised that a commercial corridor, a "Silk Road" can link the Central Asian supply with the demands. It can make Central Asia the crossroad between Europe and Asia. It is noteworthy to mention that the Central Asian countries also have the inherent interest in the US involvement in the region. US military presence will protect the CAR from Russian dominance, Chinese and other powerful countries. It was realized by the Central Asian

countries that though they possess huge reservoir of oil and natural gas, but due to lack of technological know-how they are unable to exploit their natural resources.

Therefore the entry of US oil companies was given a red carpet welcome by the Central Asian Region. This is evident from the fact that the President of Kazakhstan Nursultan Nazerbayev signed contracts with Texaco, Mobil and other US companies. Foreign oil companies have pumped \$3.5 billion into the Kazakh economy since 1991, establishing a joint venture with the state oil company in the huge Tengiz oil field. But the principal issue was the choice of pipeline routes to bring region's oil and gas to the world market. One common factor which is still continues to be present, was that US and CAR wanted an alternative to the Russian controlled Baku-Novorossiysk pipelines. Since, the US government was opposed to the shortest and most economical pipelines, South across Iran to the Arabian Sea, they pressed to support an East-West pipeline from Baku through Georgia and Turkey to the port of Mediterranean.

Apart from the economic compulsion, the so called "political instability" and violent domestic conflict within the countries of Central Asian Region such as Kazakhstan Uzbekistan etc paved the way for the presence paved the way for the presence of US military in the region. The Sep 11 and the attack and the US and the military campaign in Afghanistan and in Central Asian Region has subsequently raised the importance of the region which was previously treated as marginal to core American interest.

The present Bush Administration has continued the trend towards a long term policy towards CAR. The Administration has worked to develop energy opportunities

around the world by encouraging new cooperative trade agreement and new resources. The Central Asian Region has become a part of this integrated endeavour.

The support for the American bases indicating that US military involvement is an important aspect of the strategy. The American perception as evidenced in administration's testimonies in hearings of the congress and Congressional concerns and interests have thus impacted the policy outcome. It is also noteworthy that there is a major debate within the US amongst the media, think tanks and the academia on the success of past policies and the importance of focusing for a long term policy towards the region. As illustrated in Chapter III several initiatives that the US administration is pursuing may well have its origin in this debate.

Finally chapter 4 deals with the response of the Central Asian Region towards US policy. In this connection it is important to note that in the 108th Congress, debates on energy efficiency programs has focused on the budget, oil and natural gas, and Central Asian Region has been viewed by the Americans policymakers as one of the alternative sources for its energy requirements .The CAR has also been hoping that the American presence and peace in Afghanistan will ultimately benefit the oil industry which has for long been trying to find a way to bring oil and gas to the international market.

BIBLIOGRAPHY

Primary sources

- U.S. Congress, House of Representatives, , Committee on International Relations, Staff Report on “Major Setbacks Loosing for American Interest in the Caucasus Region”, Sep.6, 1996.
- U.S. Congress, House of Representatives, National Energy Plan: Message from the President of the United States, 97th Congress, 1st Session, July 17, 1981.
- U.S. Department of State, Bulletin Statement made by the Assistant Secretary of State for Economics Affairs before the Special subcommittee on Petroleum of the House Committee on Integrated and Foreign Commerce in April 1950, vol. 22 (April, 1950) .
- U.S. Congress, House of Representatives, Committee on Armed Services, Special Subcommittee on Petroleum, Hearing on Petroleum for National Defense, 80th Congress, 2nd Session (1994).
- U.S. Congress, House of Representatives, A report of the National Oil Policy for the United States, Hearing on the Effects of Foreign Oil Impacts of Independent Domestic Producer, 81st Cong, 1st Session.
- USA, Congress, House of Representative, Committee on Foreign Affairs, Sub-Committee on National Security Policy and Scientific Development. Report on Background Information On The Use Of US Armed Forces In Foreign Countries, 91st congress, second session (Washington D.C.: US GPO, 1970).
- USA, Congress, Senate, Committee on Foreign Relations, Sub-Committee On National Security And Scientific Development. Hearing on Senate Resolution 85th National Commitment Resolution 91st Congress 1st Session, 25th June 1969 (Washington D.C. US GPO, 1970).
- USA, Congress, Senate, Committee On Foreign Relations Report On National Commitment Resolution 1969 91st Congress, 1st Session, No. 91, 16th April 1969 (Washington D.C. US GPO, 1969).
- USA, Congress, House of Representative, Committee On International Relations, Hearing Before The Sub-Committee On Asia And The Pacific, 105th Congress, 2nd Session, Feb. 12, 1998.

- USA, Congress, House Of Representative, Committee On International Relations, Staff Report On “Major Setbacks Losing For American Interest In The Caucus Region”. Sept. 6 1996, (Washington D.C. U.S. G.P.O.).
- USA, Congress, Senate, Burden Sharing By Foreign Countries Benefiting By US Military Presence, 102 Congress, 2nd Session, Congressional Records Index, Vol. 138.
- 7 USA, Congress, Senate, “Reduction Of The US Troops Stationed Abroad” 102 Congress, 2nd Session, Congressional Records Index, Vol. 138, Part 24 (Washington D.C. US GPO, 1993). .
- U.S Congress, House of Representatives, Special Subcommittee on Petroleum Committee on Armed Services,, Hearings on “Petroleum for National Defense”, 80th cong, 2nd session, (1994).
- US Department Of State Bulletin, Statement made by the Assistant Secretary of state for Economic Affairs before the Special Subcommittee on Petroleum of the House Committee on Integrated and Foreign Commerce, Vol. 22 (April-24, 1950).
- US Congress, House of Representatives, Select Committee on Small Business, Hearing on the “Effects of Foreign Oil Impact of Independent Domestic Producer”, A Report of the National Petroleum Council, A National Oil Policy for the United States (Washington, 1949), , 81st Cong , 1st Session, (1949).
- US Congress, House of Representatives, National Energy Plan: Message from The President of The United States, H. Doc. 97-77, 97th Congress, Its Session, July 17, 1981.
- US, Congress, House of Representatives, Subcommittee on Asia and The Pacific, Committee on International Relations , Hearing, on “US Interests in the Central Asian Republic” , 105th Congress, Feb 12,1998.
- US Congress House of Representatives, Subcommittee On The Middle East and South Asia, Committee on International Relations, “ Hearing on “US policy in Central Asia”107th Congress, 1st Session, June 2001,Serial no 107-21.
- US Senate, Committee on Foreign Relations, Subcommittees on Multinational Corporation, Hearing, “Multinational Corporation and United

States Foreign Policy”, 93rd Congress, 2nd Session (US government Printing Office, 1974), part 4.

SECONDARY SOURCES

Books

- Bhagat, Gawdat, American Oil Diplomacy In The Persian Gulf And The Caspian Sea (Gainesville: University Press of Florida, 2003).
- Berg, Larry L., Baird, Lawrence M., Varanini III, Emilio E. (ed), The United States and the World Energy Sources, (New York : Prager Publication, 1982).
- Chubb, John E, Interest Groups and the Bureaucracy: The Politics of Energy, (Stanford: Stanford University Press, 1983).
- Clawson, Patric L. (ed), Energy and National Security in the 21st Century (Washington DC: National Defence University Press, 1995).
- Conant, Melvin A. And Gold Fern Racine, The Geopolitical of Energy (Baulder: Westview Press, 1978).
- Cowhey, Peter F., The Poblems of Plenty: Energy Policy And International Politics, (Berkeley: University of California Press, 1985).
- Crist, Meredith And Laffer, Arthur B., Future Energy Policy, (Toronto: Lexington, Books, 1982)
- Daalder, Ivo H. and Lindsay, James M., America Unbound The Bush Revolution In Foreign Policy, (Washington D.C: Brooking Intstitution Press, 2003).
- Daran, Charles F., Myth Oil and Politics: Introduction to Political Economy of Petroleum, (The Free Press Publication, 1979).
- Everett, Tom (ed), Central Asia: Aspects of Transition (London: Routledge Curzon, 2003).
- Fanning, Leonard M., American Oil Operation Abroad, (New York: McCraw Hill Book Company Inc, 1947).
- Ferdinand, Peter (ed), The New Central Asia And Its Neighbours, (London: Printer Publication 1994).
- Fouskar, Vassilis K., Zones Of Conflict US Foreign Policy In The Balkans And The Creater Middle East, (London: Pluto Press, 2003).

- Goodwin, Craufurd D., Barber, William J., Cochrane, James L., Marchi, Neil De, Yager, Joseph, (ed), Energy Policy In Perspective: Today's Problems, Yesterday Solutions, (Washington DC: The Brookings Institution, 1981).
- Joshi, Nirmala, (ed), Central Asia: The Great Game Replayed An Indian Perspective, (New Delhi: New Century Publication, 2003).
- Kaushik, Devendra, (Edited by N. Khalifin), Central Asia In Modern Times: A History From The Early 19TH Century, (Moscow: Progress Publication, 1970), pp.1-270.
- Kash, Don E., US Energy Policy Crisis and Complacency, (Norman: University of Oklahoma Press, 1984).
- Landau, Soul, The Pre-Emptive Empire A Guide To Bush's Kingdom, (London: Pluto Press, 2003).
- Levy, J. Walter(ed) by Conant, Melvin A, Oil Strategy and Politics, 1941-1981, (Boulder: Westview Press, 1982).
- Levw, Charles Van Der, "Oil And Gas in The Caucasus and Caspian", (Curzon Caucasus World, 2003).
- Manz, Beatrice F, "Central Asia In Historical Prospective", (Boulders:westview press ,1985).
- Marcus, Alfred A., Controversial Issues In Energy Policy, (London: Sage Publication, 1992), Vol.2.
- Mitchell, John, The New Geopolitical Of Energy, (London: Royal Institute Of International Affair, 1996).
- Mattu, Amitabh, "United States and the Central Asia: Beginning of Great Game", in Nirmala Joshi(ed), Central Asia: The Great Game Replayed: An Indian Perspective (New Delhi: New Century Publication,2003).
- Perry, George, "The War on Terrorism, the World Oil Market and the US Economy", (the Brooking Institution, 2001).
- Nathan, James A. And Oliver, James K., Foreign Policy Making And The American Political System, (Boston: Little Brown And Company, 1987), 2nd Revised Edition.
- Neack, Laura, The New Foreign Policy of U.S. And Comparative Foreign Policy In The 21ST Century, (Boulder: Rowman & Littlefield Published Inc, 2003).

- Nixon, Richard, The Real War, (New York: Warner Books, 1980), pp.71-95.
- Patnaik, Ajay, Central Asia Between Modernity And Tradition, (New Delhi: Konark Publication, 1996).
- Shaffer, E.D, U.S. And Control Of Oil, (London: Croom Helm, 1983).
- Shamas-Ud-Din, Sarkar Bhaswati, “Afghanistan and Central Asia In The New Great Game”, (New Delhi: Lancers Book, 2003).
- Soros, George, The Bubble of American Supermacy Correctign The Misuse of American Power, (London: Weidenfeld & Nicolson,, 2004).
- Stoff, Michael, Oil, War And American Security, The Search For A National Policy On Foreign Oil, 1941-47 (New Haxen: Yale University Press, 1980).
- Thompson, Dennis L. Politics, Policy And Natural Resources, (New York” The Free Press, 1972).
- Trenerton, Gregory (ed), Energy And Security, (Montclair: International Institute For Strategic Studies, 1980).
- Turner, Louis, “Oil Companies In The International System”, (The Royal Institute Of International Affairs, 1973).
- Victor, Richard H.K., “Energy Policy for America since 1945: A Study of Business Government Relation”, (Cambridge: Cambridge University Press, 1984).
- Vernon, Raymond, The Two Hungry Giants: The United States And Japan In The Quest For Oil And Ores, (Massachusetts: Harvard University Press, 1983).
- Warikoo, K. (ed), Central Asia: Emerging New Order, (New Delhi: Har Anand Publication, 1995).

ARTICLES

- Alam, Shah, “Pipeline Politics In the Caspian Sea Basin”, Strategic Analysis, (New Delhi), 26(1), January-March 2002, pp.5-26.
- Asopa, Sheel K., “Situating Trans Caucus and Central Asia: Geopolitics and Geo-economics” Contemporary Central Asia(New Delhi) 6(1-2) April-Aug 2002,pp14-31.
- Barkenbus, Jack N., “Federal Energy Policy Paradigm and States Energy Roles”, Public Administration Review , Vol-42, No-5, Sep-Oct 1982)

- Capros, .Pantelis and Samovilidis, Emmanuel, “Energy Policy Analysis”, Energy Policy (UK), Vol.16, no.1, February 1998.
- Carmoy, Giy De. “The U.S. Faces The Energy Challenge”, Energy Policy, (UK), vol.6, no.1, March 1978.
- Chandra, Satish, “Central Asia: The New Great Game”, Journal of Indian Ocean Studies, 10(1), April-2002.
- Chenoy, Anuradha M., “11 Sep.2001 and After: The Russian and Central Asian Response”, Indian Quarterly, (New Delhi)57(1),October-December2001.
- Corell, Suante E, “America in Eurasia: One Year After”, Current History, (U.S.), 101(657), October 2002.
- El, Y Anoy A., “Central Asia: Transformation towards Globalization”, Contemporary Central Asia (New Delhi), March 1998, pp.21-32.
- Dadwal, Shebanti Ray, “Energy Security: India’s Options”, Strategic Analysis, (New Delhi) 23(4), July 1999, pp.653-70.
- _____, “Politics of Oil: Caspian Imbroglio”, Strategic Analysis, (New Delhi), 22(5) August 1998, pp.751-60.
- Dash, P.L. “Pipeline Politics: Route Options For Central Asian Oil Trade”, Economic and Political Weekly, (Mumbai), 35(37), September 2000, pp.9-15.
- Dillon, Michael, “China and the US Bases in Central Asia”, World Today, (London), 58(7), July 2002, pp.13-18.
- Edwards, Mathew, “The New Great Game and the New Great Gamers”, Central Asian Survey, (New Delhi), vol.22, no.1, March 2003.
- Feltess, Anne, “US Energy Trading: Dark Cloud Lingers over Merchant Energy Industry”, Petroleum Economist, (London), 70(8), August 2003, pp.18-21.
- Forsythe, Resenarie, “Politics of Oil in the Cacasus and Central Asia”, Adelphi Papers (300), (New York) 1996, pp.3-61.
- Goldstein, Waller, “The Politics of US Energy Policy”, Energy Policy, (UK) vol.6, no.3, September 1978,
- Frank, Andre Gunder, “Caspian Sea Oil: Still The Great Game for Central Eurasia”, Arab Studies Quarterly (Michigan) 23(1), Winter 2001, pp.73-80.

- Gorst, Isabel, "Central Asia: Kazakhstan Gearing upto Shift Offshore", Petroleum Economist, (London), 70(11), November 2003, pp.28-30.
- Greewherger, "Deadline Capital Hill: The New Majority Foreign Policy", Foreign Policy, (101), October 1995, pp.159-69.
- Huro, Dilip, "Why is the US Inflating Caspian Oil Resources"?, Middle East International(588), 11 September 1997 pp.18-19.
- Jacob, Hans and Berg Bull, "U.S. International Oil Policy: Patterns of the Post Define Future Policy", Energy Policy (U.K.), vol-16, no.3, June 1998,.
- Jaffe, Amy Myers, Manning, and Robert A., "Caspian Great Game: The Real Geopolitics of Energy", Survival,(London), 40(4), Winter 1998, pp.112-29.
- Jaksow, Paul L., "United States Energy Policy during the 1990", Current History, (Philadelphia), March 2002.
- Kalicki, Jan H, "Caspian Energy at the Cross Roads", Foreign Affairs, (New Delhi), 80(5), September-October 2001, pp.120-35.
- Levy, J. Walter, "US Energy Policy in a World Context",
- Liebig, Michael, "NATO in the Emerging 'Eurasian Triangle' And The Caucus/Central Asia Region", Contemporary Central Asia, (New Delhi), 3(1), April-1999, PP.23-32.
- Mangi, "Role of Congress And Public Opinion In The US Foreign Policy Making", Pakistan Horizon, (Karachi), 48(3), July 1995, pp.39-45.
- Maugeri, "Not in oil name", Foreign Affairs, (New York), Vol-82, No-4, July-August 2003.
- Newbery, Mark, "Energy Sector In India", Petroleum Economist, (London), 66(5), May 1999, pp.24-25.
- Olcott, Martha Brill, "Pipeline And Pipedreams: Energy Development And the Caspian Society", Journal Of International Affairs, 53(1), 1999(Fall), pp.325-46.
- Rama, Sampath Kumar, "Central Asia: Impact of US Led War on Terrorism", Economic and Political Weekly, (Mumbai), 37(33), 17-23rd August, 2002, pp.3414-19.
- Resizade, Alee, "Mythology of Munificent Caspian Bonanza and Its Concomitant Pipeline Geopolitics", Central Asian Survey, (London) 21(1), Nov.2002, pp.37-54.

- Safer, Arnold E., “A Proposal for a New Oil Policy”, Energy Policy, (Guilford), vol.6, no.1, March 1978, pp.
- Shaffer, Brenda, “Is There A Muslim Foreign Policy: A Case of Caspian”, Current History, (Philadelphia), 101(658), Nov.2002, PP.382-87.
- Smil, Vaclav, “Energy Resources and Uses: A Global Prima for the Twenty First Century”, Current History, (Philadelphia), 101(653), March, 2002, pp.126-232.
- Swenstrom, Niklas, “The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia”, Central Asian Survey, (London), vol.23, no.1, March 2004.
- Townsended, Daurd, “Caspian Geopolitics: Irreconcilable Difference”, Petroleum Economist (London), 67(7), July, 2000, pp.18-20.
- Vora, Batuk, “American Strategy In The Caucasus And Central Asia”, Mainstream, (Mumbai), 37(17), April, 1999.
- Wirth E., Timothy, Gray, Boyden C., Podesta, John D., “ The Future Energy Policy”, Foreign Affairs(New York), July-August 2003.
- Zardykhan, Zharmukhamed, “Kazakhstan And Central Asia: Regional Perspective”, Central Asian Survey, (London), June 2002, pp.167-83
- Zhukor, S. And Reznikova, O., “Central Asia in World Politics and Economics”, Problems of Economic Transition, 38(8), Dec.1995.

OTHER GOVERNMENT DOCUMENTS

- President George Bush’s address to the Congress, 23rd Sept. 2001.
- President George Bush’s address to the Nation on 11th of Sept. 2001.
- The President’s State Of The Union Address, 29th January 2002, The United States Capital Washington D.C.
- US Deptt. Of State, Office Of The Spokesman, Washington D.C. 29th Sept. 2001. U.S. Department of State, Caspian Region Energy Development Report (Required by HR 3610),
- Department of State Energy Development Report, p.3-4.
- EIA, Annual Energy Review, 1999,(July 2000).
- Bureau of National Affairs, 1981.

- U.S. Department of Energy, 1978, Monthly Energy Review, (Washington D.C, Department of Energy DOE/EIA-0035/6)
- Department of Energy, “Energy Security: A Report to the President of United States, (Washington D.C:20585), March 1987.
- Congressional Quarterly, “U.S Foreign Policy: Future Directions”, (Washington D C), 1977¹
- U S Department of Defense, Annual Report,2002
- President Bush’s Address to Congress, 23rd September 2001.
- Christopher J. Dodd, Member of House of Representatives Reports on Energy Security Act-S.932, 96th Congress, 5th June 1980.

WEBSITES

- <http://www.visitnesport.com/buspage/navy>
- http://www.aceee.org/testmony/cerep_pq.htm
- <http://www.eia.dev.gov/emeu/efficiency/wc.98.htm>
- <http://www.ache.org/bubs/hpus3.cfm>
- <http://www.einnews.com/unitedstates>
- www.keepMedia.com
- www.questia.com
- <http://www.de/mod.uk/csdc/documents/chronologiesj34pt.2>
- www.fpif.org/Commentary/2001/0111_afghanint_body.html
- www.jamestown.org/edm/article.php?article_id=2370009
- www.thedubya-report.com/oilwar.html54k
- www.atimes.com/atimes/central-Asia/D112Ag01.html-25k

