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## Prospects of Turkmen gas deliveries to Europe

18<sup>th</sup> REFORM Group Meeting, Salzburg

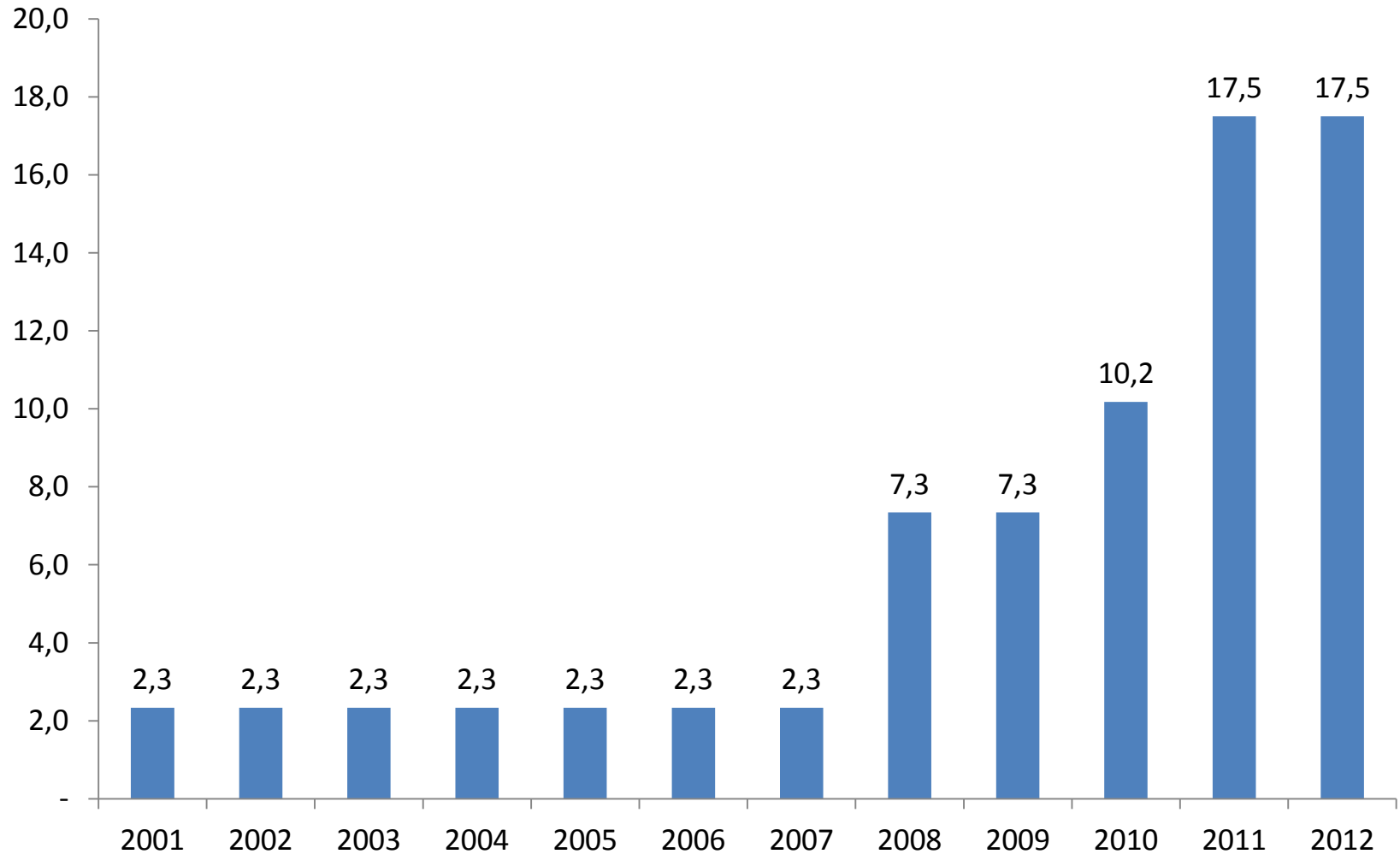
August, 2013

# Agenda

- **Overview of the Turkmen gas sector**
- Challenges of Turkmen gas supplies to Europe
- Conclusions

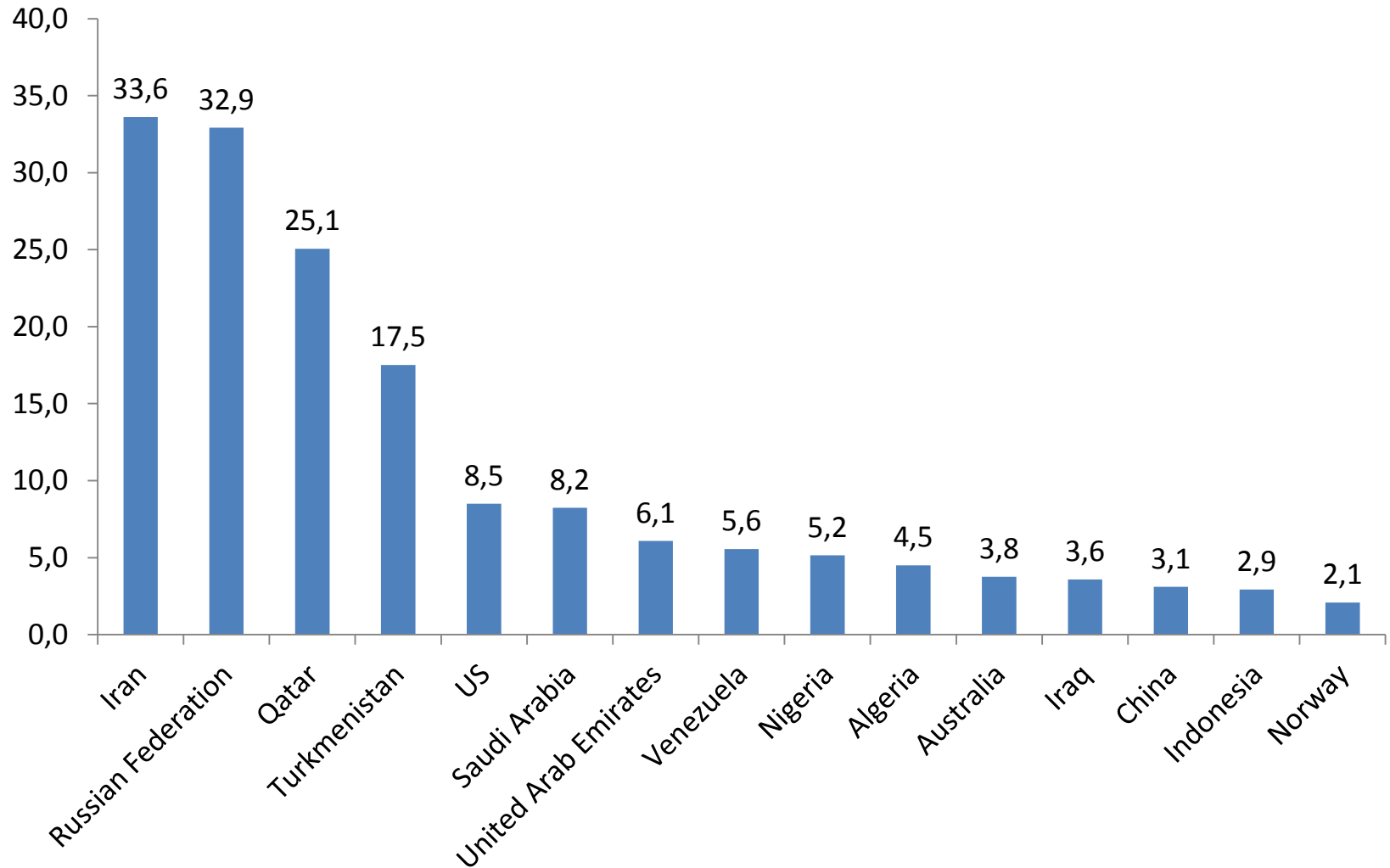


# Proven Gas Reserves of Turkmenistan (in tcm)



Source: BP Statistical Review 2013

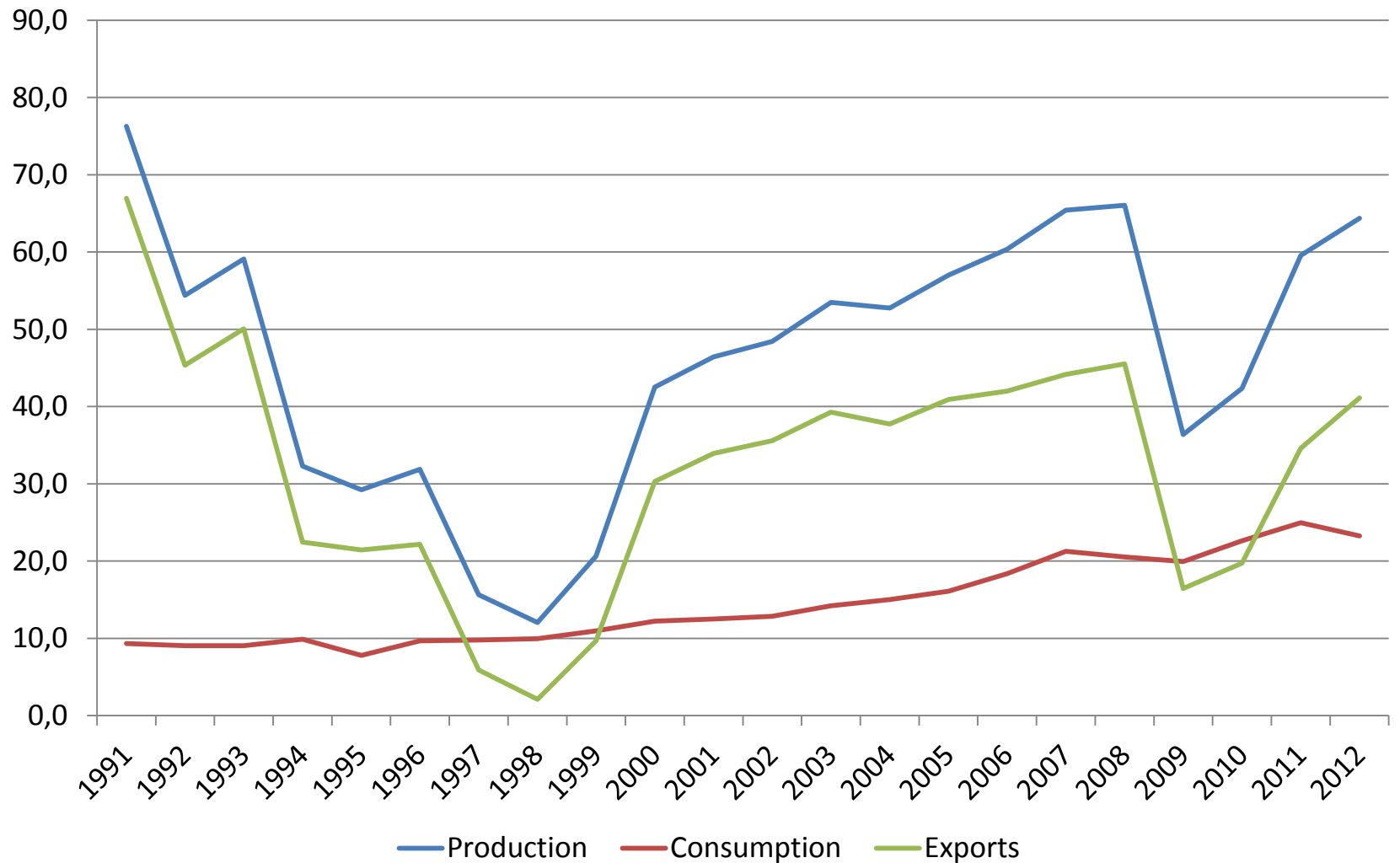
# Global Proven Gas Reserves (in tcm)



Source: BP Statistical Review 2013



# Turkmen gas production/exports (in bcm)



Source: BP Statistical Review 2013



# Export Routes



The boundaries and names shown and the designations used on maps included in this publication do not imply official endorsement or acceptance by the IEA.

Source: IEA

# Turkmen Gas Exports (in bcm)

	2006	2007	2008	2009	2010	2011	2012
Russia	36,2	38,0	39,1	10,66	9,68	10,14	9,9
Iran	5,8	6,10	6,50	5,77	6,50	10,20	9,0
China					3,55	14,25	21,3
Kazakhstan				0,30			
CIS							0,9
Total	42,0	44,1	45,6	16,73	19,73	34,49	41,1

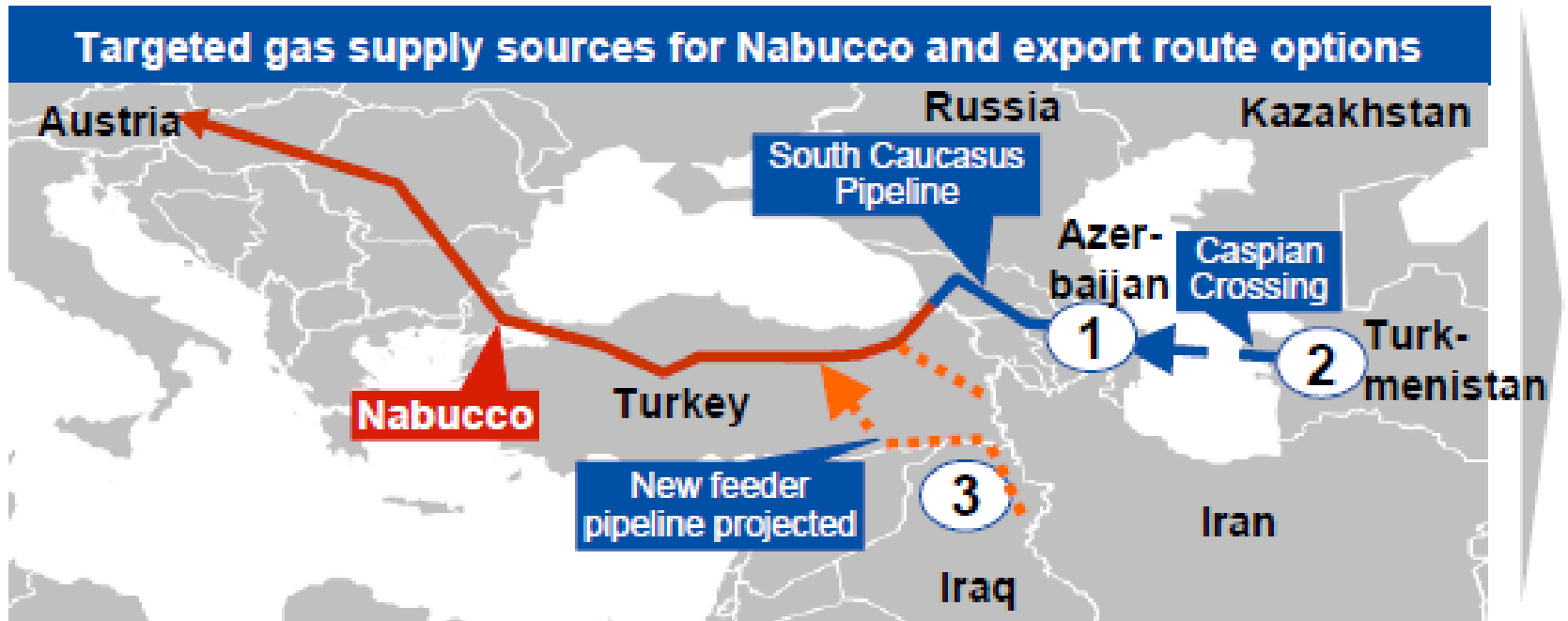
Source: BP Statistical Review 2007-2013

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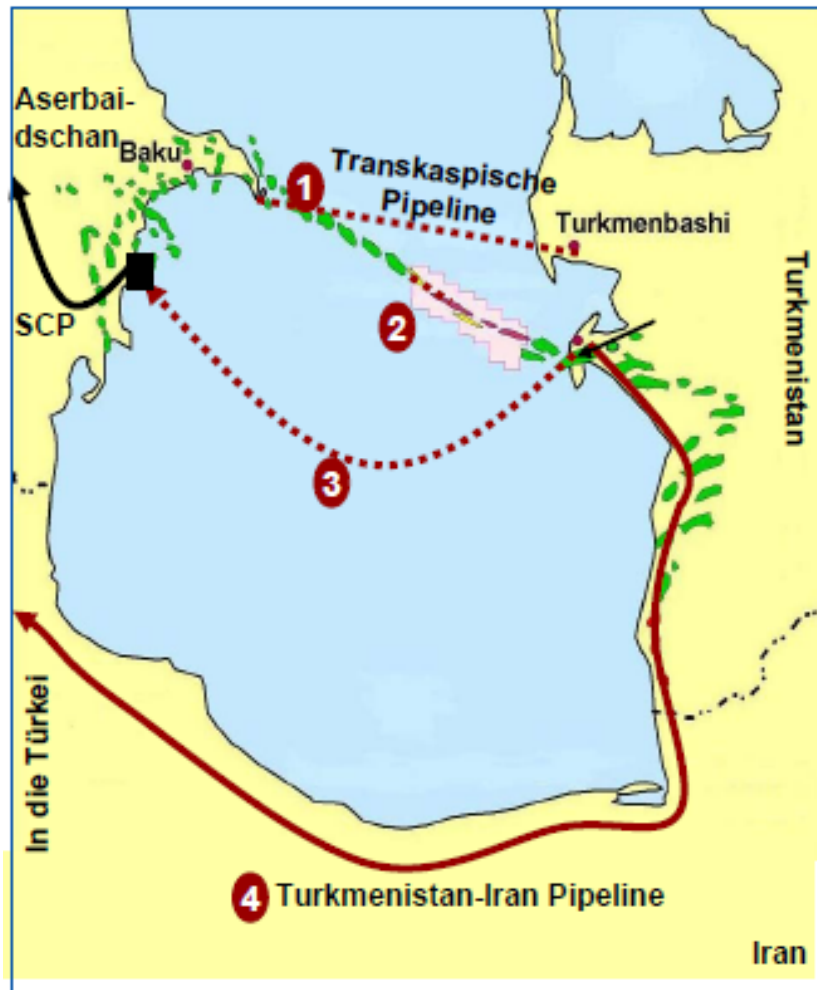


# The Nabucco Pipeline Project



Source: RWE

# Transport Challenge



1

## Transkaspische Pipeline

> 300 km lange Offshore-Pipeline verbindet Turkmenistan und Aserbaidschan

2

## Offshore technische Pipeline

> Verbindung der Offshore-Plattformen zwischen Turkmenistan und Aserbaidschan

3

## CNG/LNG Schiffstransporte

> Transport von Compressed Natural Gas (CNG) oder LNG

4

## Transitroute durch den Iran

> Ausbau der bestehenden Pipeline durch den Iran bis zur türkischen Grenze

Source: RWE

# Challenges of the Trans-Caspian Gas Pipeline Project

- Strong opposition from Russia
  - Uses the unsolved legal status of the Caspian Sea as instrument to block the construction of the pipeline and citing ecological concerns
  - Avoidance of competing Turkmen gas in the (current oversupplied) European gas market
  - Keeping Turkmenistan in the Russian sphere of influence
- Border conflict between Azerbaijan and Turkmenistan
- Insistence of the Turkmen government to deliver gas only to the own border

# The Southern Corridor



Source: BP

TANAP: 16 bcm/year in 2020  
 23 bcm/year in 2023  
 31 bcm/year in 2026

TAP: 10 bcm/year (initial capacity, expandable to 20 bcm/year)

# Delivery Commitments

	2015	2016	2020	2021
<b>Exports to China</b>	37-40	37-40	40-47	40-47
<b>Exports to Iran</b>	10-14	10-14	10-14	10-14
<b>Exports to Russia</b>	6-30	6-30	6-30	6-30
<b>Total Exports</b>	53-84	53-84	56-91	56-91
<b>Consumption</b>	18-25	18-25	19-25	19-25
<b>Total (Exports + Consumption)</b>	71-109	71-109	75-116	75-116
<b>Production (IEA)</b>	66		84	
<b>Production (OIES)</b>	74,7		83,9	
<b>Production (Turk. Gov.)</b>		95		155

Source: BP, IEA, OIES



# Transit Challenges

Is Azerbaijan really interested in being a transit country for Turkmen gas?

Field	Reserves, proven or estimated	Companies	Production (bcm/yr)	Start
Shah Deniz 2	1.2 tcm, (condensate: 240 Mt)	BP 25.5%, Statoil 25.5%, Socar 10%, Total 10%, LukAgip 10%, OIEC 10%, TPAO 9%.	16-20	Q3 2018
Absheron	150 bcm to 340 bcm (condensate: 45 Mt)	Socar (40%), Total (40%), GDFSuez (20%)	6-15	2020-22
Umid	200 bcm; (condensate: 40 Mt)	Socar (possibly Nobel Oil)	2-10	2014
Babek	400 bcm; (condensate: 80 Mt)	Socar, foreign partners	6-15	2020-25
Zafar-Mashal	300 bcm (condensate: 37 Mt)	Socar	n/a	2025
ACG deep gas	300 bcm	Socar (a foreign partner is likely)	6-15	2020
Nakhichevan	300 bcm (condensate: 40 Mt)	Socar, RWE	6-15	2020-25
ACG deep gas	300 bcm	Socar (a foreign partner is likely)	6-15	2020

Source: IEA

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# Conclusion

## **Prospects of Turkmen gas supplies to Europe are rather slim due to following reasons:**

- The transport problems are not solved, the transit option via Iran seems more probable than the construction of a Trans-Caspian Gas Pipeline, which is strongly opposed by Russia
- The decisions taken concerning the Southern Corridor do not match the interest of the Turkmen government to supply large volumes (30 bcm/year), while Azerbaijan wants to increase supplies to Europe beyond Shah Deniz II and is being less interested in transiting Turkmen gas
- Growing production and export capacities are bound to China in the next years, so the availability of large volumes for Europe is questionable





Thank you for your attention!

Questions?