



ROGUN DAM PROJECT: CHALLENGES AND PROSPECTS

Since the collapse of the Soviet Union there have been an ongoing competition between the energy generation and irrigation sectors of the upstream and downstream countries in Central Asia. Hence, the downriver countries, Kazakhstan, Turkmenistan and Uzbekistan, mainly consume water for agricultural purposes, while the upstream countries, Kyrgyzstan and Tajikistan, use water as a source of hydro energy. In the past, there have been an agreement between the downstream and the upstream countries to exchange water for agricultural needs in summer and for fossil fuels in winter. However, the downstream countries rich in fossil fuels introduced pricing policy for the energy that used to be supplied free of charge to the upstream states during the Soviet Union. Nowadays, the upstream and the downstream countries have a strained relationship regarding the water use for energy and agriculture. Moreover, the unbalanced cooperation between the countries is being aggravated by the planned construction of giant dams such as Rogun hydropower plant (HPP).

As a downstream country, Tajikistan is faced with energy shortage problem. Nearly 70% of the Tajik population experienced power shortages in 2014. For instance, in winter Tajikistan, especially rural areas of the country, experiences energy deficit of up to 2.2-2.5 billion kilowatt per hour (kWh). Moreover, the energy crisis of the country has exacerbated over the years, especially after 2009 when the energy trade agreement of the country with the neighboring countries who used to supply electricity through the Central Asia Power System (CAPS) was removed. Therefore, the government of Tajikistan has been actively looking for solutions of the problem. Overall, Tajikistan is one of the richest countries when it comes to hydropower resources. 4% of the world hydro energy resources and 53% of hydro-resources in Central Asia belong to Tajikistan. Currently, hydro power potential of the country stands at 527 billion kWh annually only 4-5% of which is being used. Thus, one of the solutions for the problem of energy deficit is the construction of the giant Rogun HPP. The President of Tajikistan,

Emomali Rahmon, sees the Rogun project as a solution for the ongoing energy crisis of the country and has been actively pursuing the construction of the HPP.

After the completion of the project, the Rogun HPP would be the world's tallest dam of 335 meters with a full supply level of 1255-1290 meters and a total volume of over 13 cubic kilometers. Hydroelectric capacity of the dam is planned to be at 3600 megawatts annually and the average annual production at 13.1 billion kWh of electricity. The dam project was designed to aid the country in overcoming the energy deficit by providing secure and sustainable energy flow. The construction of the Rogun HPP was first proposed in 1959 and first began in 1976, however, after the collapse of the Soviet Union, the project was frozen. Later, despite the discontent of Uzbekistan, in the framework of the agreement to continue Soviet water sharing practices reached between the Central Asian states on February 18, 1992, construction of the Rogun reservoir in Tajikistan was approved. However, the agreement was not implemented and the project was suspended up until the end of the civil war in Tajikistan in 1997. During the civil war the economy of the country has weakened leading to a stall in the project. Only in 2000s the country has started seeking for international support, leading to prolonged dialogue on the issue with Russia. The construction was resumed in 2008 and one of the Vaksh river diversion tunnels was renovated and rebuilt in 2010. However, in 2012 the project was suspended pending the World Bank assessment report.

Furthermore, water conflict between Tajikistan and Uzbekistan has arisen over the Rogun Dam project. Tajikistan holds high hopes regarding the construction of the dam. While the Tajik government perceives the project as an economic and hydro energy opportunity, Uzbekistan is concerned with threat to a flow of the Vaksh River. The critics argue that it can potentially lead to an increase of 22% of water deficit that can consequently lead to exacerbation of drought conditions in the area. Moreover, as a downstream country Uzbeki-

stan would suffer greatly in case of any disastrous situation created by failure of the dam, especially because of the seismic activity of the region. In case of a disaster or an accident 1.5 million hectares of land and more than 700 settlements in the territory of Tajikistan, Afghanistan, Turkmenistan and Uzbekistan with a population of 5 million people would be flooded. Nevertheless, the Tajik side states that if Uzbekistan to sponsor the project, it would be able to control the annual release of water downstream.

The World Bank is involved into the dispute between the two countries. The World Bank has initiated five Information-Sharing and Consultation Meeting on the Assessment Studies of the Proposed Rogun Hydropower Project. All the riparian countries participated the last, fifth, meeting on the studies and riparian consultations on the dam that was held in Almaty in June 2014, and as a result of the meeting, the Environmental and Social Panel of Experts concluded that construction of the Rogun dam is feasible. The panel has also concluded that environmental and social impacts of the dam can be mitigated. Even though the assessment has proven the viability of the project, Uzbekistan is still worried that the construction of the dam would strangle the agricultural sector of the country. Therefore, more studies need to be conducted in order to assure the safety, reliability, efficiency and feasibility of the project.

Nevertheless, despite Uzbekistan's dissatisfaction with the project, Tajikistan is still pursuing the construction of the HPP. However, currently funds needed for the construction is estimated at \$3-5 billion but Tajikistan has no means to finance the project on its own and the World Bank is non-committal on financing the construction. Therefore, the government of the country is seeking for financial support by the neighboring countries and by international organizations. Besides, even though the realization of the project is a time consuming process, if and when the dam is constructed, it is to become one of the main electricity suppliers not only in Tajikistan, but also to the neighboring Afghanistan and Pakistan.

Politics, Foreign Affairs and Security

- Kazakhstan took over the chairmanship of the Eurasian Economic Union's bodies (EAEU) for 2016. Respectively, the President of Kazakhstan, Nursultan Nazarbayev, will head the Supreme Eurasian Economic Council. The Kazakh leader stated that during its presidency Kazakhstan will focus on the further dynamic development of the EAEU and deepening contacts with the Shanghai Cooperation Organization.
- The President of Turkmenistan, Gurbanguly Berdimuhamedov, made new governmental appointments, signing the relevant documents. The Leader of the country appointed new heads for the Ministry of Industry, the Ministry of Labor and Social Protection and the Ministry of Agriculture and Water Resources.
- During consultations at the level of Deputy Ministers of Foreign Affairs of Turkmenistan and the Czech Republic held at Ashgabat, the sides discussed issues of cooperation in political, trade-economic, cultural and humanitarian fields. Moreover, high-ranked officials touched upon the issue of activation of relations within the format of Turkmenistan-EU.
- According to the European Union delegation in Azerbaijan, the High Representative of the EU for Foreign Affairs, Federica Mogherini, is going to visit Azerbaijan in late February-early March, 2016. During this visit, Azerbaijan expects to get a mandate of the Council of the EU for negotiating on a new agreement on strategic partnership, which will determine the format of the future cooperation with the EU.
- According to the Ministry of Defense of Azerbaijan, a group of 42 Azerbaijani servicemen in rotation has left for Afghanistan to serve in the NATO non-combat mission Resolute Support.

Economy, Finance and Energy

- According to the National Oil Company of Azerbaijan (SOCAR), the total amount of Azerbaijani oil transported via Baku-Tbilisi-Ceyhan (BTC) Pipeline increased slightly to 28.85 million tons in 2015 compared to 28.51 million tons in 2014.

- The President of Turkmenistan, Gurbanguly Berdimuhamedov, signed a decree on establishing the Turkmen National Oil and Gas Company (NAPECCO), which will serve the purpose of finding, mining and processing of hydrocarbon resources of Turkmenistan, as well as the implementation of processing of their products in the domestic and foreign markets.
- The Ministry of Energy of Kazakhstan and the Kazakh national oil and gas company KazMunayGas signed a contract, according to which, Kazakhstan's Kokel Munay company received 50% of the right of usage of subsoil in the Mangystau region of Kazakhstan. KazMunayGas is the owner of the remaining 50% of the right of usage of subsoil.
- The SOCAR announced its plans to produce over 3,600 tons of oil annually by drilling a new well on the Oil Rocks field. The project depth of the well is 1,070 meters and it is planned to produce 10 tons of oil daily.
- According to the Vice-President of SOCAR, Rahman Gurbanov, Azerbaijan increased commercial gas production to 18.9 billion cubic meters (bcm) in 2015, which is 0.2 bcm more than in 2014. However, the total volume of gas production in Azerbaijan including flared and re-injected gas to oil wells amounted to 29.4 bcm in 2015, which is 0.2 bcm less than in 2014.
- According to the Chairman of the China Nonferrous Gold Limited (CNG), Wu Xiang, the first gold bars were cast in Tajikistan's Pakrut deposit, possible resources of which are estimated at 5.02 million ounces. The CNG intends to transfer \$6 million taxes to the budget of Tajikistan annually during the first stage of the project implementation.
- The World Bank has reconsidered its GDP forecasts for some Central Asian countries for 2016. According to the WB Global Economic Prospects report, the growth of Kazakhstan's GDP in 2016 was lowered from 2.9% to 1.1%. The WB also raised GDP growth forecast of Tajikistan and Kyrgyzstan by 0.4% and 1% respectively. Tajikistan's GDP growth will amount 4.8% while

Kyrgyzstan's GDP growth is forecasted to stand at 4.2% in 2016. The WB kept its GDP growth forecast for Uzbekistan for 2016 at 7.5%. Turkmenistan's growth forecast of the WB is 8.9% in 2016.

- According to the Ministry of Economy and Development of Turkmenistan, the state budget revenues and expenditures were fulfilled at 100.6% and 90% respectively. It is also reported that in 2015, 78.7 % of budgetary funds were allocated to finance the social sphere.
- The Central Bank of Azerbaijan (CBA) stated that a decision to shut down currency exchange offices operating outside banks and their branches could be made until March or April 2016. Recently, the CBA permitted the bank's currency exchange offices be located in separate buildings, large shopping and entertainment centers, railway stations, ports and post offices.

Society and Culture

- The Shiveluch volcano in Russia's Kamchatka territory woke up releasing a plume seven kilometers up in the atmosphere. The eruption led the Kamchatka Volcanic Eruption Response Team (KVERT) to issue an orange warning, meaning that while a major eruption is not imminent, it is nevertheless a danger to aircraft.
- An earthquake with a magnitude of 5.2 has occurred off the Kuril Islands. The epicenter of the earthquake is located 93 miles (150 kilometers) southwest of Severo-Kurilsk, a Russian town in the northern part of the Kuril Islands. There have been no reports of damages or tsunami warnings in the area.
- According to the head of Crimea, Sergey Aksenov, Russian Chernomorneftegaz supplies gas to the city of Henichesk in the Kherson region in southern Ukraine in the form of humanitarian aid. To date, 33,000 cubic meters of gas was delivered.
- The president of Tajikistan, Emomali Rahmon, performed the Umrah, pilgrimage not carried out during the period devoted to the Hajj, as a bonus excursion during his visit to Saudi Arabia.