

MP-IDSA *Commentary*

Russia's Central Asian Gas Gambit

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S*ummary*

The Trilateral Gas Union, involving Russia, Kazakhstan and Uzbekistan, has gained traction due to gas shortages which exposed the limitations of existing energy infrastructure.

Introduction

Russia advanced the concept of a Trilateral Gas Union in December 2022, to consolidate regional energy cooperation. This was in the context of its reduced gas exports to Europe, precipitated by sanctions and the broader geopolitical ramifications of the Ukraine war. By October 2023, Uzbekistan, aiming to mitigate energy insecurity and stabilise domestic supply, committed to importing approximately 2.8 billion cubic meters (bcm) of Russian gas annually, while Kazakhstan agreed to facilitate gas transit and explore domestic utilisation of Russian gas.

From Russia’s perspective, Central Asia is a crucial market for gas exports. The region’s geographical proximity, coupled with its existing energy infrastructure, offers Moscow a pragmatic avenue to mitigate the economic repercussions of the European Union’s (EU) phased reduction of Russian gas imports.¹ However, the scale of the Central Asian energy market remains insufficient to compensate for the demand previously generated by European consumers. Prior to 2022, Russia supplied over 40 per cent of the EU’s natural gas imports. In March 2022, Russian pipeline gas exports to the EU peaked at 8.2 billion cubic meters (bcm) monthly. By 2023, Russia’s share in EU pipeline gas imports plummeted to just 8 per cent, and less than 15 per cent for both pipeline and LNG imports. The evolving trajectory of Russia–Central Asia energy partnership not only highlights pragmatic energy cooperation but also reflects the complex interplay of economic imperatives and geopolitical realignments.

The Shifting Dynamics

Central Asia's energy landscape is witnessing significant transformations, shaped by evolving domestic priorities, geopolitical realities and global energy trends. Uzbekistan and Kazakhstan are navigating complex challenges to balance energy self-sufficiency, domestic demand and export commitments. The strategic interplay between these nations and external stakeholders, such as Russia and China, underscores the dynamic and multidimensional nature of Central Asia's energy sector.²

Uzbekistan, once lauded for achieving energy self-sufficiency in the mid-1990s, now faces mounting energy security challenges. Endowed with substantial hydrocarbon resources, inefficiencies in geological exploration and inadequate investment have

¹ [“Russia Natural Gas: Exports”](#), CEIC; [“Distribution of Pipeline Natural Gas Export Volume from Russia in 2021, By Country of Destination”](#), Statista.

² V. Paramonov and A. Stokov, [“The Evolution of Russia’s Central Asia Policy”](#), Advanced Research and Assessment Group—Central Asian Series, 2008.

led to a 4 per cent decline in confirmed natural gas reserves between 2008 and 2018, largely due to the failure to replace extracted resources at a sufficient rate. Ideally, a replacement rate of 100 per cent or higher would indicate that the country is successfully replenishing its reserves to sustain long-term production.

However, Uzbekistan’s replacement rate has stagnated at 70 per cent over the past five years, meaning that for every unit of gas extracted, only 70 per cent is being replaced with newly proven reserves. This shortfall raises concerns about the country’s ability to maintain production levels in the future. These issues are compounded by outdated, opaque management practices in the oil and gas sector, hindering modernisation and undermining the financial viability of energy enterprises.³

Historically, Uzbekistan has been a significant exporter, supplying between 10 and 15 billion cubic meters (bcm) annually to Russia and an additional 4.5 bcm to other regional countries since the early 2000s. In 2018, total exports reached 15 bcm, with 8 bcm directed to China, 4.5 bcm to Russia, 2.5 bcm to Kazakhstan, and approximately 500 to 550 million cubic meters allocated to other Central Asian nations. This long-standing role as a key regional supplier underscores Uzbekistan’s strategic importance within Eurasia’s energy landscape.

However, in recent years, the country has faced a pronounced decline in natural gas production. Output fell from 60.5 bcm in 2018 to 46.7 bcm in 2023, and further to 44.5 bcm in 2024, marking a 5 per cent year-on-year reduction. This contraction is largely attributable to the depletion of aging gas fields, coupled with chronic underinvestment in exploration and infrastructure development. Simultaneously, domestic demand has surged,⁴ with natural gas consumption rising from 47.2 bcm in 2018 to approximately 51.6 bcm in 2023 and further projected to exceed 53 bcm in 2024. This increase is driven by rapid population growth—Uzbekistan’s population expanded from 33 million in 2018 to over 36 million in 2024—and mounting environmental pressures have accelerated the transition from coal and oil to gas-based energy solutions. The residential and industrial sectors now account for nearly 75 per cent of total gas consumption, placing significant strain on Uzbekistan’s energy supply. The fragility of the national energy grid has become increasingly apparent, with recurrent winter outages exacerbating public discontent.⁵

In response to these mounting challenges, Uzbekistan has undergone a fundamental shift from being a net exporter to a growing importer of natural gas.

³ [“Uzbekistan Energy Profile”](#), International Energy Agency.

⁴ [“Where Does the EU’s Gas Come From?”](#), Council of the European Union; [“Monthly Natural Gas Imports from Russia to the EU”](#), Statista.

⁵ [“Uzbekistan’s Energy Dynamics and Regional Implications”](#), Turkic World.

In the first seven months of 2024, the country’s gas import bill surged to US\$ 983.7 million—an increase of nearly fivefold compared to the previous year.⁶ To mitigate supply shortages and stabilise the domestic energy market, Uzbekistan is advancing plans to expand imports from Russia, with projections indicating volumes could reach 11 bcm by 2025. Central to this initiative is the utilisation of the reversed-flow capacity of the Soviet-era Central Asia–Center (CAC) pipeline system—an infrastructure cornerstone that remains integral to Russia’s broader regional energy strategy.⁷

Kazakhstan’s energy strategy has traditionally prioritised oil production, relegating natural gas to a secondary role despite considerable proven reserves of 1.83 trillion cubic meters as of 2022. The full utilisation of these reserves has been constrained by a combination of geological complexities, high sulfur content and the prohibitive costs associated with processing. These structural challenges are further exacerbated by state-regulated pricing mechanisms and an underdeveloped gas processing infrastructure, resulting in persistent supply shortages. The severity of these limitations became acutely apparent during the 2022 energy crisis in Ekibastuz, an event that intensified public discontent and underscored the urgent need for systemic reform.

Kazakhstan’s energy landscape is further complicated by the interplay of low domestic tariffs and ambitious carbon neutrality commitments. The country’s southern regions remain heavily reliant on gas imports from Uzbekistan, highlighting the pressing necessity for diversification and strategic investment in domestic production and infrastructure. While the government has articulated plans to expand gasification and reduce dependency on external suppliers, tangible progress has been slow, reflecting broader structural and financial constraints. Kazakhstan has signalled its intent to import up to 4 billion cubic meters (bcm) of Russian gas during the 2024–2025 period, with a projected increase to 10 bcm in subsequent years. This approach not only fortifies Kazakhstan’s energy security but also reinforces its role as a strategic transit hub and a key partner in Russia’s regional energy calculus.⁸

Kazakhstan, with its abundant hydrocarbons and strategic position as a vital transit corridor between Europe and Asia, plays a pivotal role in Russia’s evolving energy strategy. As a prominent member of the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO), Kazakhstan is a key ally in Russia’s

⁶ [“Uzbekistan’s Natural Gas Imports Soar to \\$983.7M in 2024, Nearly 5x Higher than Previous Year \(2024, August 23\)”](#), *Daryo.uz*, 23 August 2024.

⁷ [“Uzbekistan-Russia Energy Relations: A Tale of Two Problems”](#), Risk Advisory, 20 June 2023.

⁸ [“Gas Dilemma: Abundant Gas Industry in Kazakhstan Faces Critical Challenges”](#), *The Astana Times*, 25 April 2023.

regional ambitions. Recent bilateral agreements reflect Russia's intent to deepen energy ties with Kazakhstan, particularly through Gazprom's initiatives to integrate Kazakh infrastructure into its pipeline network.

Although Uzbekistan and Kazakhstan both adhere to a multi-vector foreign policy, their approaches reveal distinct priorities shaped by historical and economic contexts. Uzbekistan has traditionally emphasised independence and neutrality, striving to maintain a balanced stance in its external relations. The evolving energy dynamics have driven Uzbekistan to focus on diversification and energy self-sufficiency. Kazakhstan’s energy strategy is rooted in leveraging its substantial oil and gas reserves, prioritising export-oriented growth and deeper integration into global energy markets.

In short, the partnership aims to facilitate the delivery of Russian gas to Uzbekistan, with a commitment to supply 2.8 bcm annually over two years, beginning later this year. Furthermore, the partnership opens up new avenues for Russian gas integration into the Central Asia Gas Pipeline (CAGP) network, with the potential for future infrastructure projects to extend these routes southward, targeting expanding energy markets in South Asia.

Geopolitical Ramifications

As of 2024, China fulfils 42.5 per cent of its gas requirements through imports, with 182 bcm of gas entering the country.⁹ Of this, 34 per cent was delivered via pipelines from Turkmenistan, Myanmar, Russia, Kazakhstan and Uzbekistan. With the rise in domestic gas demand, China’s dependence on imports is poised to grow. Central Asian Republics and Russia have become focal points in China’s energy strategy, offering cheaper natural gas alternatives. Russia provides competitively priced gas, while Uzbekistan’s low-cost supply holds potential to satiate China’s growing demand for natural gas, often referred to as the ‘blue fuel’.

For Uzbekistan and Kazakhstan, the trilateral gas arrangement ensures the ability to fulfil export commitments to China without imposing severe restrictions on domestic gas consumption. By securing gas imports from Russia, Uzbekistan can maintain adequate supply levels for domestic consumption while continuing to meet its export obligations. Kazakhstan, meanwhile, can leverage this partnership to develop its northern and eastern gas infrastructure while modernising its gas transmission network. For Russia, following the sharp decline in its energy exports

⁹ [“China's Natural Gas Consumption to Increase by 6.5% in 2025”](#), Anadolu Agency, 25 January 2025)

due to Western sanctions, the arrangement allows Moscow to redirect its natural gas supplies to Central Asia and China, bolstering revenue streams.¹⁰

However, this collaboration is not without strategic ramifications. The development of a joint pipeline involving Russia, Kazakhstan, Uzbekistan and potentially Turkmenistan consolidates Moscow’s influence in Central Asia. It counters Western and US efforts to draw regional governments into their geopolitical spheres of influence. While Central Asian nations might reap economic advantages through increased exports and energy efficiency, the infrastructure risks deepening their dependence on Russia and China.

A carefully calibrated, forward-looking strategy is required to navigate these dependencies, particularly as Russia’s energy sector undergoes structural transformations. By 2030, Russia’s gas export revenues are projected to decline by 55–80 per cent, driven by Western sanctions, increasing market volatility and escalating production costs. Furthermore, the increasing prominence of liquefied natural gas (LNG) over traditional pipeline exports is set to intensify competition among Russian energy conglomerates, including Gazprom, Novatek and Rosneft. In this shifting landscape, geopolitical considerations are poised to take precedence over purely economic imperatives, complicating Central Asian nation’s strategic calculus in maintaining a balanced and secure energy framework.¹¹

The Russia–Uzbekistan–Kazakhstan Gas Union represents a significant shift in the energy and geopolitical landscape of Central Asia, driven by both economic imperatives and geopolitical calculations. The collaboration highlights the delicate balancing act that Central Asian nations must perform in navigating the competing influences of Russia, China and the West.

¹⁰ [“Central Asian Chessboard: U.S. Strategy Reveals China and Russia’s Influence”](#), *Daryo.uz*, 30 April 2024.

¹¹ [“Gas Crisis in Uzbekistan: From Exporter to Importer”](#), *Daryo.uz*, 28 December 2024.

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