

A Pipeline Their War Made Possible

Why the Trans-Caspian Window Is Open and Already Closing

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Abstract

The Trans-Caspian Gas Pipeline has been blocked for thirty years by two capitals. Both have just been removed from the equation by events neither of them chose. The 28 February 2026 strikes have degraded Iran's capacity to obstruct projects that proceed without Tehran's formal consent; Russia, four years into its war in Ukraine, is in no position to enforce its long-standing objections. For the first time since the project was conceived in 1996, the two capitals that killed it cannot kill it again. The remaining barriers are commercial, legal, and institutional. None of them is structural.

Executive Summary

The Trans-Caspian interconnector is a 300-kilometre subsea link between Turkmenistan and Azerbaijan that would carry Turkmen gas westward through the Southern Gas Corridor to European markets. Columbia's Center on Global Energy Policy estimates the pipeline at \$500 million to \$800 million, deliverable within 24 months, carrying 10 to 12 bcm annually. The 2018 Aktau Convention confirmed at Article 14(3) that pipeline routes require consent only from the states whose seabed sectors the pipeline crosses. Russia ratified in October 2019. Iran has not, a decision that preserved jurisdictional ambiguity rather than asserting a veto. The war has converted that ambiguity into irrelevance: Iran retains the legal stance, but no longer the operational capacity to obstruct. The earlier swap arrangement through Iran demonstrated both the demand and the structural unreliability of any route through Tehran. Turkmenistan's economy is overwhelmingly dependent on gas exports to China, which absorbs 75 to 80 percent of total volumes; Power of Siberia 2 will compress that dependency further. The window is open. The financing gap is solvable. The methane intensity problem is solvable. The question is whether Ashgabat, Baku, and Washington match strategic intent with comparable commitment before the window narrows.

Key Findings

The Iranian veto has crumbled — not by ratification, but by incapacity.

Iran's non-ratification of the Aktau Convention served a strategic function beyond territorial claims: it blocked the pipeline by preserving jurisdictional ambiguity. Tehran could decline to ratify rather

than vetoing politically. The new Iranian leadership under Mojtaba Khamenei (named successor by the Assembly of Experts on 9 March 2026 and largely absent from public view since) will not rush to ratify. The immediate question is whether Iran retains the capacity to actively obstruct projects that proceed without its formal consent. After the destruction of the Caspian fleet at Bandar Anzali on 18 March 2026, the Israeli strike on Iran's South Pars gasfield the same day, and the loss of an estimated 85 percent of Iran's defence industrial base, the answer is no.

The swap arrangement was the proof of concept — and the warning.

Between March and June 2025, Türkiye received 465 million cubic metres of Turkmen gas through the Iran route. Deliveries stopped in July, almost certainly because of expanded US sanctions on Iran's energy sector announced in June 2025. Türkmenbaşy CEO Maksat Babayev cited "technical reasons"; Turkish Energy Minister Alparслан Bayraktar referred obliquely to payment issues. The precedent had already been set with the Iraq swap, which Washington never approved. The lesson for Ashgabat: any energy architecture routed through Iran is, at best, temporary. The 28 February strikes converted that policy signal into physical fact.

Russia's leverage is qualitatively different from what it was even five years ago.

Moscow condemned the Iran strikes as a "preplanned and unprovoked act of armed aggression" but took no action, consistent with a pattern of rhetorical protest and operational impotence dating from Assad's fall on 8 December 2024. Power of Siberia 2, signed September 2025, will compress Turkmen pricing power in China but does not give Moscow tools to block a westward pipeline. The Convention's Article 14(3) was the formal surrender; the war has been the practical one.

The constraint is now Brussels — not Moscow or Tehran.

The EU's methane regulation (2024/1787), in force since August 2024 and applying maximum methane intensity to imported gas from 2030, could close European markets to Turkmen gas regardless of pipeline infrastructure. Kayrros satellite monitoring recorded over 800 super-emitting events at Turkmen facilities between 2019 and 2022, with the western Caspian field alone leaking 2.6 million tons of methane in 2022. The EU's January 2026 ban on Russian gas imports by autumn 2027 creates the demand signal. The Turkmen methane problem is the supply-side condition. Both must be resolved together.

Analytical Verdict

01 The legal foundation for a Trans-Caspian interconnector between Turkmenistan and Azerbaijan is operative in practice, even without Iranian ratification of the Aktau Convention. Russia, Kazakhstan, Turkmenistan, and Azerbaijan have all ratified. The bilateral seabed agreement that would govern the pipeline requires consent only from the two littoral states it crosses. The January 2021 Memorandum of Understanding on the Dostluk hydrocarbon field resolved the 30-year bilateral dispute over a resource sitting directly on the proposed route. The legal path is open.

02 The commercial case is real and time-bounded. Turkmenistan's monopsony exposure to China is the binding constraint pushing Ashgabat westward; Russia's Power of Siberia 2 will tighten it further. Türkiye, positioning itself as a regional gas hub, can serve as kingmaker if Ankara

and Baku finance Southern Gas Corridor expansion bilaterally and sell onward to Europe at a markup. The Senate Foreign Relations testimony of 20 May 2025 in which Secretary of State Marco Rubio called the interconnector "in the best interests of the United States and its allies" was the first senior US endorsement in more than a decade. It should be operationalised.

03 The methane problem is the EU-side gating condition. Without measurable progress on Turkmen methane intensity, no European long-term contract is bankable; without long-term contracts, no commercial financing closes. This is solvable. It requires technical engagement with Türkmengaz on leak detection and capture, financing instruments (DFC, EBRD, EIB) that condition support on methane performance, and an EU posture that treats Turkmenistan's accession to the methane regime as a precondition rather than a barrier.

04 The window will close. Iran's current incapacity may persist for months or years, but the Islamic Republic has rebuilt after setbacks before. Russia's distraction in Ukraine will not persist forever. Every year without a final investment decision makes the commercial case harder against an accelerating global LNG buildout. The pilot project — the swap — failed through no fault of Ashgabat's. The structural opportunity remains. The question is whether commitment matches it.

I. The Swap That Proved the Concept, and Broke

On 1 March 2025, under a deal signed 11 February between Türkiye's BOTAŞ and Türkmengaz, Ashgabat began delivering natural gas to northern Iran while Türkiye received equivalent volumes through the existing Iran-Turkey pipeline at the Gürbulak entry point. The arrangement was capped at 2 bcm per year, with 1.3 bcm planned for 2025. No new infrastructure was required. It was a triangular accounting arrangement in which Ashgabat sent gas south, Ankara received gas west, and Tehran collected a margin in retained volumes.

The swap was elegant and consequential. Turkmenistan's economy is overwhelmingly dependent on gas exports to China, which accounted for 75 to 80 percent of total exports in 2024, according to the Centre for Eastern Studies (OSW) in Warsaw. Russia's growing pipeline deliveries to Beijing (31 bcm in 2024, over 38 bcm in 2025) are putting downward pressure on the price Ashgabat can command, and Moscow's gas contract with Turkmenistan was not renewed in 2024. In September 2025, Russia and China signed a legally binding memorandum for Power of Siberia 2, a 50 bcm-per-year line from western Siberia through Mongolia to China. The message to Ashgabat is stark: the Chinese market that absorbs 75 to 80 percent of its gas exports is about to get a great deal more Russian supply. The Türkiye swap, even at a small volume, represented Ashgabat's first westward export diversification since the Korpeje-Kurt Kui pipeline to Iran opened in the late 1990s.

The proof of concept lasted four months. Between March and June 2025, Türkiye received a cumulative 465 million cubic metres of Turkmen gas, according to Eurasianet. Then deliveries stopped. The likely cause was sanctions exposure. In June 2025, the Trump administration expanded sanctions on Iran's energy sector to include barter trades for gas; the European Union followed in September. Türkiye's 9.6 bcm-per-year gas import contract with Iran benefited from a Washington-issued sanctions waiver. The Turkmen swap did not.

The Iraq precedent had already made Washington's posture explicit. A swap deal first proposed in 2023 would have delivered approximately 5 bcm per year of Turkmen gas to Iraq via Iran's pipeline network. Baghdad lobbied for months to secure American approval. It never came. Even

a cashless arrangement in which Iran retained up to 23 percent of transited gas was deemed unacceptable under maximum pressure. The message to Ashgabat was clear: any energy architecture that routes through Iran is, at best, temporary. The 28 February strikes converted that policy signal into physical fact.

II. Iran's Legal Veto Crumbles

The swap's collapse would be less consequential if the pipeline that should replace it were not still blocked by a legal ambiguity Iran had deliberately preserved. The Convention on the Legal Status of the Caspian Sea, signed by all five littoral states in Aktau on 12 August 2018, confirmed at Article 14(3) that a pipeline route requires agreement only between the states whose seabed sectors the pipeline would cross. A Trans-Caspian pipeline between Turkmenistan and Azerbaijan would need approval from only those two countries. Russia effectively surrendered its veto.

But the Convention cannot enter into force until all five signatories deposit instruments of ratification with Kazakhstan, the designated depositary. Turkmenistan, Azerbaijan, and Kazakhstan ratified promptly. Russia followed in October 2019. Iran has not. Successive Iranian governments have pointed to unresolved negotiations over straight baselines — the geographic reference lines that determine the extent of territorial waters. Because Iran's southern Caspian coastline is concave, baseline methodology directly affects how much seabed Tehran can claim. Under median-line delimitation, Iran's share has been estimated as low as 11 to 13 percent of the Caspian, a steep reduction from the equal division Tehran once enjoyed with the Soviet Union.

Non-ratification served a strategic function beyond territorial claims: it blocked the pipeline by preserving jurisdictional ambiguity. Rather than vetoing the project politically, Tehran could simply decline to ratify the treaty that would clear the legal path. The war has changed that calculus. The US-Israeli operation killed Khamenei; his son Mojtaba was named successor by the Assembly of Experts on 9 March 2026, though as of writing he has not appeared in public, with statements attributed to him read on state television and circulated through AI-generated video. The posture has prompted serious questions about who is actually setting Iranian policy. The immediate question is not whether the new leadership will rush to ratify; it almost certainly will not. The real question is whether Iran retains the capacity to actively obstruct pipeline projects that proceed without its formal consent. The answer, for the first time since the Convention was signed, is probably not.

Iran's incapacity now extends to the Caspian itself. On 18 March 2026, Israeli Air Force strikes destroyed warships, a command post, a shipyard, and port infrastructure at Bandar Anzali, the main base of the Iranian Navy's northern fleet on the Caspian. According to analysts at the Center for European Policy Analysis, at least two missile boats and a corvette were destroyed, eliminating roughly half the fleet's combat vessels. The operation marked the first-ever military strike on the Caspian, ending joint Iran-Russia naval exercises for the foreseeable future and dismantling one of the most tangible demonstrations of their opposition to east-west pipeline projects in the basin.

The same week reordered the demand side. On 18-19 March, Iranian missile attacks on QatarEnergy's Ras Laffan Industrial City damaged two of fourteen LNG trains and one of two gas-to-liquids facilities, knocking out roughly 17 percent of Qatar's LNG export capacity for an estimated three to five years and triggering force majeure declarations on long-term contracts to Italy, Belgium, South Korea, and China. Israeli strikes the same day hit Iran's South Pars gasfield, the largest in the world. The European demand signal for non-Gulf, non-Russian gas has not

been this concentrated since 2022. The Southern Gas Corridor is one of the few functioning routes left to absorb it.

Understanding the Trans-Caspian opportunity requires holding all of these events in view at once: an Iranian veto rendered inoperative by military incapacity; a Russian diplomatic veto already surrendered at Aktau; a bilateral seabed dispute resolved by the 2021 Dostluk memorandum; and a European demand signal sharpened by force majeure declarations across the Gulf. The legal path is open. The commercial logic is sharper than it has ever been. The constraint that remains is political will — in Ashgabat, in Baku, and in Washington.

III. The Pieces in Motion

A plausible trajectory exists in which the four ratifying states begin treating the Convention's pipeline provisions as operative in practice, even without Iran's ratification. The legal foundation is stronger than it might appear. The bilateral seabed agreements that would govern the pipeline require consent only from Turkmenistan and Azerbaijan. The January 2021 Memorandum of Understanding on joint exploration of the Dostluk hydrocarbon field, estimated to hold 50 to 100 million tons of oil and 30 bcm of gas, resolved a 30-year bilateral dispute over a resource sitting directly on the proposed pipeline route. In May 2024, Türkiye and Azerbaijan signed a gas sector cooperation agreement covering transit of Turkmen gas.

Diplomatic signals have sharpened. At a December 2025 meeting of energy ministers under the Organisation of Turkic States, Bayraktar declared that Türkiye had reached the phase of "concrete steps toward our 30-year dream" of delivering Turkmen gas through the Trans-Caspian pipeline. In early 2026, Gurbanguly Berdimuhamedov, chairman of the Halk Maslahaty, told Al Arabiya that Ashgabat views the pipeline as a vital direction for diversifying energy flows, while emphasising that seabed boundary questions must be settled first. At a Senate Foreign Relations Committee hearing on 20 May 2025, Secretary of State Marco Rubio stated that the interconnector is "in the best interests of the United States and its allies": the first senior US endorsement of the pipeline in more than a decade.

A lighter version of the pipeline, estimated at \$500 million to \$800 million and deliverable within 24 months, carrying 10 to 12 bcm annually per Columbia's Center on Global Energy Policy, is not a megaproject. It is an interconnector, and the economics are within reach if long-term purchase agreements underwrite the investment. Türkiye, positioning itself as a regional gas hub, could serve as kingmaker. If Ankara and Baku finance Southern Gas Corridor expansion bilaterally, bringing Turkmen gas to the Turkish border and selling it onward to Europe at a markup, the deadlock over EU long-term contracts could be circumvented.

IV. Obstacles, Real and Residual

This pipeline has been about to happen for thirty years, and skepticism is earned. Turkmenistan's negotiating opacity is legendary; a similar swap arrangement with Azerbaijan collapsed in 2022 over pricing. Ashgabat's upstream sector remains largely closed to international investment, and no major Western energy company has committed capital to the Trans-Caspian route. Seabed delimitation talks could stall for years.

A less visible but potentially decisive obstacle is environmental. Satellite monitoring by Kayrros recorded more than 800 super-emitting events at Turkmen fossil-fuel facilities between 2019 and 2022, with the country's western Caspian field alone leaking an estimated 2.6 million tons of methane in 2022. The EU's methane emissions regulation (2024/1787), which entered into force on 4 August 2024 and will apply maximum methane intensity values to imported gas from 2030, could effectively close European markets to Turkmen gas regardless of pipeline infrastructure. European financial institutions have grown reluctant to fund fossil fuel infrastructure under the Green Deal, and the absence of a fully ratified legal framework adds another layer of risk. Azerbaijani President Ilham Aliyev has publicly pointed to the contradiction: Brussels wants more Azerbaijani gas, but EU customers will not commit to supply contracts beyond 2049, and the European Investment Bank has stopped financing fossil fuel projects. At the same time, the EU's decision in January 2026 to enact a legally binding ban on all Russian gas imports by autumn 2027 creates an urgent demand signal: Europe will need replacement volumes, and the Southern Gas Corridor is one of the few functioning routes left.

These are real obstacles, but they are not the obstacles that blocked the pipeline for a quarter century. Those were Russian diplomatic pressure and Iranian legal obstruction, and both have been neutralised by events neither Moscow nor Tehran chose. The financing gap is solvable. The methane gap is solvable. What is required is the strategic intent to solve them, on a clock that aligns with the window the war has opened.

Final Assessment

If Washington is serious about the interconnector, the State Department and Treasury should coordinate a clear diplomatic signal: the United States supports the Trans-Caspian pipeline and is prepared to facilitate financing through the DFC (whose contingent liability ceiling Congress more than tripled, from \$60 billion to \$205 billion, under the DFC Modernisation and Reauthorisation Act of 2025), the EBRD, and aligned multilateral institutions. Washington should press Baku and Ashgabat to accelerate seabed delimitation talks, offering technical mediation if needed, and tie any future Turkmen sanctions relief or trade benefits to concrete progress on opening the upstream sector and committing volumes to the westward route.

The pipeline has been about to happen for thirty years, and skepticism is earned. Turkmenistan's negotiating opacity is legendary; a similar swap with Azerbaijan collapsed in 2022 over pricing. Ashgabat's upstream sector remains largely closed to international investment. Seabed delimitation talks could stall for years. These are real obstacles. But they are not the obstacles that blocked the pipeline for a quarter century. Those were Russian diplomatic pressure and Iranian legal obstruction. Both have been neutralised by events neither Moscow nor Tehran chose. The financing gap is solvable.

Key figures: \$500–800m estimated cost · 24-month delivery window · 10–12 bcm annual capacity

The window is open. The steel is not yet on the seabed. The decade closes faster than the pipeline lays.

Note: This brief reflects events and public reporting current as of May 2026. All factual claims are sourced to open-source reporting, public documents, and official statements available as of publication. Assessments regarding Iran's operational incapacity, Russian leverage, and EU regulatory constraints represent analytical conclusions based on the public record. This brief does not constitute investment or policy advice.

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