The article discusses aspects of cooperation in the oil sector of multinational companies representing the interests of European Union countries. In the context of the economic crisis, the impossibility of OPEC+ to regulate oil prices and the volume of its production, it is difficult to make forecasts of further economic cooperation. The coronavirus pandemic has shown that, contrary to the interests of globalization, national economies must remain self-sufficient. In our opinion, in the future, the legal regime for the presence of multinational companies in the interests of national economies will be revised.

The Energy Charter of 1991, depriving the Central Asian countries of the right to judicial protection, the oil economic crisis will lead to a severe crisis in the oil sector. The geopolitical confrontation between Russia and the United Arab Emirates against the United States creates a new balance of forces that will affect the development of the Central Asian direction of the European Union’s foreign policy as the basis for energy security.

Keywords: multinational companies, European Union, Central Asia, analysis, economy, crisis, legal regulation
ресурсах национальных экономик. Энергетическая хартия 1991 г. лишает страны Центральной Азии права на судебную защиту, нефтяной экономический кризис приведет к тяжелому кризису в нефтяной сфере. Геополитическое противостояние России с Арабскими Эмиратами против США создает новый баланс сил, который будет влиять на развитие центральноазиатского направления внешней политики Европейского Союза в области энергетической безопасности.

Ключевые слова: транснациональные компании, Европейский Союз, Центральная Азия, экономика, кризис, правовое регулирование, энергетическое сотрудничество

The relevance of the research topic lies in the need to analyze the interaction of European transnational companies in the Central Asian region. It is necessary to determine the position of the effectiveness of economic cooperation, in the conditions of oil wars, as well as the prospects for development or economic crisis. The entire system of the oil market, which has existed since the formation of OPEC since 1960, which allows exporting countries to control oil prices, including regimes for limiting its production, turned out to be unable to fully control prices. Such a shock state in the oil market as the state on April 20, 2020, when 1 barrel of WTI crude oil cost minus $ 37.63, has never happened in history. Perhaps this is due to the COVID-19 coronavirus pandemic, which hit all countries, led to rigid self-isolation and a crisis in the economy of the whole world.

Due to the decrease in demand caused by the pandemic, and consequently the surplus of oil, there is a stagnation of “black gold” in storage facilities. According to the US Energy Information Administration (EIA), as of April 10, storage facilities at America's largest oil hub in Cushing, Oklahoma, were 72% full (Manukov, 2020). In addition, there is a possibility that this is collusion of individual oil companies. For example, D. Medvedev, Deputy Chairman of the Russian Security Council, believes that everything that we observe in relation to oil futures contracts is very reminiscent of a cartel conspiracy. In his opinion, the situation requires “the most careful analysis, since it undermines the recovery of the world economy” (Vedomosti, 2002).

The aim of the study is to determine the degree of influence of the current economic situation in the oil market on the dynamics of relations between transnational corporations of the European Union countries in Central Asia in the oil and gas sector, more precisely, how the current stagnation will affect European transnational companies in the Central Asian region.

The hypothesis of this study, which requires proof, is to determine the preservation of the positions of European transnational companies engaged in the development of oil and gas in Central Asia during the period of oversaturation of the oil market.

The main thesis to be defended is the provision that European multinational companies operating in Central Asia will be interested in preserving their assets in the first place, and not in preserving the economic stability of the countries in which they are located, which will lead to changes in legislation in relation to them. , that is, the legal regime of the
presence of transnational companies in the world will be revised in the interests of national economies.

Activities of European TNCs in Central Asia. According to the definition of G.M. Velyaminov, transnational companies (TNCs) are a set of various independent organizations united by one economic goal, located in different countries and controlled from a single center (Velyaminov, 2004).

Central Asia plays a critical role in the global energy security system, because it possesses huge reserves of oil and gas, and because most of its resources are available for development by foreign companies (Roberts, 2020).

In Central Asia, Kazakhstan, Uzbekistan and Turkmenistan produce 11% of all oil and 15% of gas in Eurasia. Kazakhstan occupies a leading position in the extraction of crude oil, ¾ of which it exports. Uzbekistan is the leader in natural gas production. Turkmenistan extracts more gas by 7-10% than Uzbekistan, and sends up to 80% for export, the share of Uzbek gas exports from the volume is 20% (CAA, 2020).

Such an important energy resource could not be ignored by foreign companies; not only national companies of the region’s countries are involved in the production and transportation of hydrocarbons here, but also transnational companies from the USA, Russia, EU countries, China, India, and the Middle East.

The volume of production can be judged only by one fact, in Kazakhstan TNK, in 2018 alone, they produced 90,360 million tons of oil (Report of Kazakhstan’s Institute of oil and gas, 2019).

Considering the analysis of proven and proven oil and gas reserves, as well as commissioned and existing oil pipelines, Central Asia is an important segment of the world energy system. The main consumers of Central Asian oil and gas are the EU and China.

The development of trade relations and the saturation of the EU market is due to the fact that the main source of oil for Europe is the reserves of the North Sea, oil consumption is growing, and its reserves are decreasing, this niche may well be occupied by oil from the Caspian region.

That is why, in our opinion, European multinational companies are present in the Central Asian region. Energy security is the most important factor in existence.

European TNCs operate in the region, such as Shell (Great Britain, the Netherlands), Total (France), British Petroleum (Great Britain), Eni (Italy). It should be noted that in addition to these companies, Chevron, Exxon Mobil (USA), Gazprom and national companies of Kazakhstan, Turkmenistan and Uzbekistan also operate.

European oil companies entered the market at a time when the economies of the post-Soviet states were in difficult conditions. The urgent need for investment at that time forced the signing of international treaties. All potential risks were assumed by the host countries, and investors received preferences.

It should be noted that the legal regulation of the relationship of European transnational companies in the Central Asian region is quite specific. First, attention should be paid to the essence of the Energy Charter, adopted at the Hague Conference on December 17, 1991. The content of the charter determined the prospects for investment relations. In fact, given the norms of international law, based on the principles of precedent, this rule
must be followed, and restitution in this case is not possible. Under the charter, tariffs and charges will be reduced and will be zero when non-WTO member countries join the World Trade Organization. The host countries were given the opportunity to build transport lines for hydrocarbons but did not have the right to judicial protection and had to modify their national legislation in accordance with the ECT (Suleimenov, Papanasopulo, 2011).

Having received legal guarantees of positive participation, TNCs began to penetrate the investment market of Kazakhstan. The EU has launched a Green Paper “A European Strategy for Sustainable, Competitive and Secure Energy”. Exhausting their ecology and diversifying the economy, they orient it, first of all, to the management of oil production in third countries (Makenova, 2018).

There are many reasons why it was the Caspian oil that became the object of the EU’s economic interests. Firstly, these are the terms of the Energy Charter Treaty; secondly, Kazakhstan, as the main oil supplier, does not have any potential crises in the oil sector, similar to relations between Russia and Ukraine, and of course, a decrease in dependence on Russia.


Now, the European transnational companies Agip, Eni, Shell and the French company Total operate in the region. Let us take a closer look at the presence of European TNCs in Central Asia.

Royal Dutch Shell’s interests in the Karachaganak block form a 29.25% stake, production per day is 393,000 barrels. The Kashagan project is owned by Shell for 16% - 370 thousand barrels. Its subsidiary Pearls PSC, where Shell owns 56% of the shares, is developing the Khazar and Auezov fields in the Caspian Sea. The company also has 7.43% in the Caspian oil pipeline connecting the Black Sea and the Caspian Sea. Eni S.p.A is a large Italian oil exploration company. It operates in more than 80 countries around the world. Operating profit was € 2.567 billion (Makenova, 2018: 474).

British Petroleum is the second TNC in Europe to transport oil. In 2009, BP announced its withdrawal from the oil market of Kazakhstan, selling its assets to other actors in the oil sector. Probably, the major focus of the company was placed on the production of shale oil in the United States and Mexico.

TOTAL is a French multinational company, which is the fourth in the ranking of oil sales, engaged in the development of oil fields. It entered the Central Asian market in 1993, owns 16% of assets for the development of the Kashagan field. After the acquisition of Engie, Total became the second largest company in the world, with a 10% global mining market share (Total-Kazakhstan, 2020).

In Uzbekistan, focused mainly on cooperation with Russia, Japan, Malaysia, South Africa and the European vector represented by Gas Project Development Central Asia AG (Switzerland).

In Turkmenistan, which is one of the largest owners of gas reserves, Gas Project Development Central Asia AG (Switzerland) offered its financial assistance in the con-
struction of the Trans-Caspian gas pipeline under the Caspian Sea, however, the terms of participation do not suit the Turkmen side, therefore the terms of the contract are still on development stage.

Each of the presented oil producing companies serves not only, exclusively, economic interests, but also acts as an actor in the security of their national economies, performing the functions of ensuring the filling of the domestic oil and gas market from Central Asia:
1. European multinational corporations are reducing the use of oil reserves in the North Sea, which in the future will provide a reserve of hydrocarbons.
2. Reduce the degree of environmental pollution in the European region, thereby helping to improve the quality of life of the population and exempting TNCs from high European taxes on the environment.
3. Develop the infrastructure for oil production in Central Asian countries, contributing to the development of economies.
4. Invest in research and development of alternative energy sources, as they realize the non-renewability of hydrocarbons.
5. Serving economic interests, European transnational companies form a system of more simplified interaction than the functioning of national companies, in which the efficiency of asset management and the development of relations is politicized and directly dependent on long-term commitments made under government agreements.

Developing risk factors in its strategic plans, no European oil company could expect such crisis phenomena that cannot be explained either by the Kondratyev Cycles or by economic theories. The impossibility or strategic reluctance of Saudi Arabia and Russia to return the economic world parity in oil prices is a factor of raw material oversaturation, which is changing the system of world geoeconomics, where the United States is suffering a clear economic defeat.

It turned out that external and internal factors of contradictions between oil exporting countries form the impossibility of agreeing on production volumes and pricing policy. On the one hand, it looks like the consequences of a pandemic, where energy consumers, having reduced capacity, provoked a surplus in the market and, naturally, following the law of supply and demand, a price reduction. On the other hand, this fact has shown that oil is not such an expensive resource, and so rare, since exporting countries are ready to sell it much less. It turns out that the oligopolistic conspiracy did not take place, there was an overproduction of goods (oil) and a recession began, leading to a crisis in the industry, and in national economies. The inability to find sales markets will lead to the need to mothball the fields, which requires significant costs that companies will not be ready to make. The result of this situation may be, in our opinion, either an attempt to regain control over the market within the framework of OPEC ++, or hyperinflation of national currencies, a global economic crisis, which, taking into account the technology of modern production, will become more tangible than the crisis of 1929.

Despite the declared possible controllability of oil production processes by countries within the framework of OPEC ++, one should not lose sight of a significant factor: oil is produced by oil, mainly multinational companies, which receive their profits from sales, invest them in the development of oil infrastructure and pay taxes to states territory of which they are located.
It is extremely difficult to understand the true volumes of damage to the economy because the contracts concluded between the government and TNCs are classified information (Echonews, 2018).

We can only focus on the volume of extracted raw materials, while, without knowing the terms of contracts, it will be impossible to calculate the net profit for deductions to the budget.

The difficulty in regulating relations with transnational companies is that they have neither a financial nor a legal center, but they can manage financial flows.

Among the multinational companies that are actively involved in the development of oil in the Caspian zone of the Central Asian countries, they represent the interests of the United States, China, the EU and other geopolitical centers. In particular, this interest is not exclusively of an oil nature.

It can be concluded that despite the crisis in the economy, TNCs, including European ones, operating in Central Asia, will retain their presence, since the crisis is a phenomenon that is always passing, and it will be more difficult to enter the oil market later. Likewise, the European presence in the region weakens Russia’s position in matters of influence on foreign energy policy. It is clear from the text of the Energy Charter that the national economies of the Central Asian countries will suffer losses that cannot even be partially compensated, since these are the conditions of the Charter. The severity of the economic consequences, independent overcoming of the crisis, through the use of internal reserves, after the end of the crisis will lead to a revision of the provisions of the Charter and a change in energy positions (Zonn, Zhiltcov, 2008).

The creation of an alternative to the dollar for mutual settlements between countries is acquiring a new urgency.

БИБЛИОГРАФИЧЕСКИЙ СПИСОК


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