



CENTRAL ASIA OBSERVATORY

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TURKMENISTAN

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Highlights

The redenominated manat -the Turkmen currency- was launched on 1 January 2009. The minimum wage has been increased by 10% to 544 manat, corresponding to \$190.

Energy agreements

On 1 January, the executive director of the Iranian Gas Transportation department stated that Turkmenistan and Iran had reached an agreement on gas prices and that Iran would pay international market prices as of January 2009. The precise price was not mentioned and further negotiations are expected to take place in the light of the global crisis.

Gazprom drew up the key terms of gas delivery from Turkmenistan in 2009. The calculation of the price formula will be based on European gas prices. Gazprom's participation in the gas projects being implemented in Turkmenistan was signed in July 2008. The present agreement states that Gazprom shall provide for the financing and construction of new trunk pipelines, the development of gas deposits and for increasing capacity in the Turkmen section of the Caspian gas pipeline to 30 billion cubic meters. Russia is considered to be Turkmenistan's biggest trade partner.

Two Russian companies have concluded multimillion-dollar contracts with the Turkmen government for the improvement of the Ashgabat export energy supply infrastructure.

On 23 January the President of Turkmenistan held a meeting with Andrei Denisov, the First Deputy Minister for Foreign Affairs of the Russian Federation. Their discussion was related with the forthcoming

visit of the President of Turkmenistan to Russia in March. The main focus was on the issue of partnership in the energy sector and the co-sponsorship of Russia in the framework of the UN Resolution on the International Gas Pipeline Security guarantees, initiated by Turkmenistan at the end of last year.

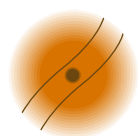
Belgium is showing a tendency to expand its role in the development of Turkmen energy resources. The Belgium company ENEX is considered to be a good partner for Turkmenistan and has designed a few profitable strategic energy supply projects, including the construction of a compressor station costing \$130 million dollars at "Dovletabat-2" gas deposit. This company took part in the Chinese gas pipeline project.

International meetings

On 24-25 February, President Berdymuhamedov paid an official visit to Tashkent. His last visit to Tashkent took place in March 2008. The swearing in of a new president in Turkmenistan has resulted in the establishment of good neighbourly relations with Uzbekistan and has been regarded in a positive light for the people of both countries. Trade turnover between Uzbekistan and Turkmenistan in 2008 amounted to \$132.3 million, 37 % more than in the previous year.

Initiatives concerning the establishment of international transport and communication corridors have been discussed, along with current water and energy issues, and the construction of hydropower stations at the Amudariya and Syrdaryia river outlets, regarded as beneficial to both Kyrgyzstan and Tajikistan. The presidents of these countries have been insisting on the need for an impartial international evaluation of the construction's downstream impact on Turkmenistan, Uzbekistan

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and Kazakhstan, one that will define the negative consequences –if any– of the fall in the flow rate.

International meetings

Cooperation with Europe

In the course of his visit to Ashgabat, the director of Germany's second most powerful electrical and gas company RWE AG expressed his willingness for "constructive interaction in the energy area".

Daniel D. Stein - the Regional Director of the USA Agency on Trade and Development with the countries of Europe and Eurasia (USTDA) - paid his sixth visit to Turkmenistan in the last two years with a view to discussing different joint economic projects. At these meetings, specific agreements were reached concerning the development of contacts in the area of telecommunications and, more particularly, the organization of special visits by Turkmen experts to America.

Collaboration with Muslim countries

An official delegation from the United Arab Emirates headed by the Minister of Economy visited Ashgabat in January. The Arab business groups are showing a keen interest in further strengthening trade and economic cooperation and investment projects in the National Tourist Zone, "Avaza".

The Afghan Minister of Energy and Water Resources visited Turkmenistan to discuss the country's participation in large-scale energy, transport and infrastructure projects to be implemented in Afghanistan. Turkmenistan and Afghanistan intend to expand energy cooperation. Turkmenistan has a keen interest in investing in the social and economic development of Afghanistan.

Education

Educational programs

Since March this year, leading Turkmen specialists

will go to America for training in the field of information and communication technologies, thus familiarizing themselves with the activities of big American companies specializing in this area.

Daniel Rosenblum, the coordinator for U.S. assistance to Europe and Eurasia flew to Turkmenistan to conduct negotiations relative to possible cooperation programmes.

Reforms in the educational system

The opening of the Turkmen-German University in Ashgabat is now under consideration. During a briefing for Turkmen leaders, Stefan Goetz, the head of Goetzpartners, a leading corporate financing and management consultancy, outlined the university plan along with several other potential projects. The Goetzpartners concept provides for lectures being given by the best German professors and economists, and engineers being prepared for various industries. Particular attention will be paid to the study of the Turkmen and German languages, as well as the cultures of the two countries. A number of major German companies are willing to support the future of the university.

Education reform in Turkmenistan was discussed at a forum held late in January at the Harriman Institute of Columbia University. The delegation from Turkmenistan comprised leading education ministry specialists and professors from the country's largest institutions, who flew to New York to participate in the International Conference. In March, the delegation from the Harriman Institute, headed by its director Catharine Nepomnyashchy will pay a return visit to Ashgabat. Meetings and negotiations resulted in specific agreements concerning broad collaboration in the scientific and educational area, including student exchanges, different study tours, and the participation of Turkmen and American specialists at international scientific forums and workshops.



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At the initiative of President Berdymukhamedov, the I.M.Gubkin Russian State University of Oil and Gas was opened in Ashgabat last year. Twenty students have been admitted to the first course of the Institute. During a visit by the Institute's management to Turkmenistan, further cooperation development was discussed. The representatives of the Russian University are planning to provide laboratory equipment and to create a library. Some of the books that are being printed at the university in Moscow have already been delivered to Ashgabat and roughly a thousand textbooks will be delivered later on this year. Training programmes will be provided for training and upgrading specialists' qualifications in the oil and gas industry.

Internal affairs

Investments in health projects

\$24 million has been earmarked for the creation of a Cancer Centre and will be spent on equipping it with modern radiation instruments. The creation and development of new medical treatment techniques will be conducted with the direct theoretical and practical assistance of colleagues abroad, particularly German specialists. All the medical institutions will be fully computerized through the appliance of innovation technologies, including telemedicine. A national programme on HIV/AIDS prevention is being implemented with technical support from the CAPACITY Project, funded by the U.S. government through USAID.

Economy

The European Bank for Reconstruction and Development's transition report says that Turkmenistan has made progress in carrying out economic reforms and that the gas export price has developed very positively for Turkmenistan. Turkmenistan will be able to avoid the negative impact of the global economic crisis with the help of the stabilization fund, as well as financial and banking reforms. EBRD representatives furnished

recommendations for the further sustainable growth of Turkmenistan. The EBRD has declared its readiness to expand cooperation in some important directions, including investments to the private sector as well.

Regional security

On 15 November 2009, the chief of U.S. Central Command General, David Petraeus, made an official visit to Turkmenistan, where he met with government representatives to discuss issues concerning the maintenance of peace and security in the entire Central Asia region. At the Military Academy of Turkmenistan, President Berdymukhamedov conducted an extended meeting with the State Council for Security, during which he declared Turkmenistan's new military doctrine and described the commitments for law enforcement agencies and defence establishments. The new doctrine maintains the Turkmen traditions of neutrality and nonparticipation in military blocks and confirms that the country will not allow any foreign military bases to be established on its territory. It also places extremist movements, terrorism and transnational crime in the context of modern threats to security.

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