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Highlights

One of the most significant events in Turkmenistan in January was the visit of Jose Manuel Barroso, the President of the European Commission. Turkmenistan was the first Central Asian country to be visited by such a high-ranking EU official and the event generated broad coverage in local mass media. Both the EU and Turkmenistan showed a keen interest in developing mutual cooperation in the energy sector. Turkmenistan is also ready to pursue cooperation with Europe in the field of alternative sources of energy, the main focus being on solar and wind power.

Foreign and international policy

Trans-Caspian gas pipeline

The operation of European companies and enterprises in Turkmenistan's energy sector under the service contracts mirrors the implementation of the terms of the Memorandum of Understanding and Energy Cooperation between Turkmenistan and the European Union.

The European Investment Bank and Turkmenistan are negotiating the framework agreement on the investments that will be earmarked for environmental protection and agriculture.

Among the main matters discussed during the aforementioned visit were different ways of delivering natural gas from Turkmenistan to Europe. The most effective method from a commercial, financial and infrastructure standpoint would be the construction of a pipeline along the Caspian seabed, although President Berdimuhamedov stressed that this pipeline can only be built with the consent of those countries whose seabed sectors

would be traversed by such pipelines and in compliance with international environmental standards and requirements. Another possibility is to deliver compressed natural gas for shipment by tankers to Azerbaijan, and then onward transportation to Europe, requiring the construction of a fleet of tankers in the Caspian Sea.

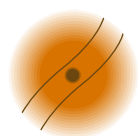
All the technical and commercial details, as well as organizational matters relating to the implementation of the project will be discussed by an expert committee, and the results confirmed and approved by the appropriate inter-government agreements. The parties also discussed issues related to the setting up of a working group whose main task will be to develop and prepare inter-governmental agreements. The price of the gas will be fixed in accordance with international formula taking into account gas demand on the world energy market.

Visits to Turkmenistan

The Turkmenistan-EU eleventh regular joint meeting took place in Ashgabat. It was attended by delegations and diplomatic services accredited in the country, Europa House, officials from Turkmenistan's foreign affairs ministry, the ministry of petroleum and mineral resources, the state agency for the management and use of hydrocarbon resources, and economic, financial and trade agencies.

In January a round-table meeting was held with a business delegation from Germany headed by a representative of the ministry of economy and technology. On 18 January the second meeting of the Turkmen-German intergovernmental working group on business and trade took place in Berlin to discuss the problems of intensifying bilateral relations. The partners also touched on the issue of holding a Turkmenistan-Germany symposium to discuss the

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possibilities of diversifying bilateral cooperation in the fuel and energy sector.

During consultations between the foreign affairs ministries of Turkmenistan and Hungary, the partners discussed the present status and the perspectives of bilateral relations, highlighting the interest of both countries in developing a political dialogue.

In Ashgabat, political consultations also place between Turkmenistan and France, with the assistance of the head of the department for continental Europe from France's foreign ministry.

A delegation from Norway also visited Turkmenistan to discuss fuel and energy cooperation, an issue that was present at all the meetings held at the ministry of petroleum and mineral resources and the education and foreign affairs ministries.

Turkmenistan - USA

America continues to develop multiform cooperation with Turkmenistan. Heading a delegation of top officials, General James Mattis, Commander of US Central Command, highlighted Turkmenistan's contribution to efforts to increase global security and counter present threats.

A delegation of high-ranking US State Department and defence ministry officials flew to Ashgabat to discuss perspectives of developing bilateral cooperation in the sphere of global security and in the context of the fight against terrorism.

Assistant Secretary of State for the Bureau of South and Central Asia Robert Blake headed a delegation of US government officials attending bilateral consultations in Turkmenistan.

At his meeting with the executive director of the US-Turkmen Business Council, Eric Stewart, President Berdimuhamedov initiated the idea of hosting a

Turkmenistan-USA Forum devoted to developing trade and economic relations between the two countries. He asked Turkmenistan's Chamber of Commerce and Industry to organize an exhibition of US companies and the Turkmenistan-USA Business Forum, to take place in May.

Cooperation with Asian countries

Turkmenistan continues to develop close cooperation with countries that combine high technologies and natural resources.

In February President Berdimuhamedov paid an official visit to Bahrain. Establishing relations with Bahrain in the sphere of investments, tourism, transport and communication is deemed to be of great interest to Turkmenistan. Both countries signed a number of bilateral agreements in trade and economy, fuel and energy, and other important spheres. The Turkmen president received the highest award of Bahrain for his great personal contribution to developing and strengthening relations between the two countries.

Cooperation in fields of trade and economy, fuel and energy, transport and communication were also the key point of the meeting between Turkmen government officials and Qatar's minister for international cooperation.

Turkmenistan expressed its interest in attracting foreign investment at a meeting with top officials from the United Arab Emirates.

Malaysia's foreign minister headed a delegation of senior government officials who flew to Ashgabat with the mission of extending cooperation between the two countries in the sphere of trade and investment. Malaysian oil company Petronas Carigali has now been operating on the offshore sector of the Caspian Sea for more than ten years.



Internal affairs

The project to increase electric energy exports to Afghanistan was considered at the regular meeting of the technical working group. To achieve this target, Turkmenistan is planning the construction of the electricity transmission line up to the border with Afghanistan. The main investor for the Afghanistan part of the project is the Asian Development Bank (ADB).

At the meeting with Afghan government officials, great attention was paid to training Afghan specialists at Turkmen universities in the fields of national economy and social development to establish closer contacts between educational institutes. It was in this context that the idea of opening Turkmen language departments in certain Afghan universities was discussed.

The international conference Ecological Aspects of Transcaspian Pipelines was held at the end of February. The conference was attended by participants from more than 20 countries including France, Germany, Austria and Norway.

The tenth meeting of the technical working group was devoted to intensifying the construction of the Turkmenistan-Afghanistan-Pakistan-India gas pipeline.

The four partner states are continuing negotiations concerning the development of contracts to buy Turkmen natural gas. On 10-12 January experts representing potential consumers of Turkmen gas participated in a meeting with ADB representatives. The technical working group held a meeting with the ADB at the end of January. Indian partners attended a meeting with the ADB at the beginning of February; on 11-12 February Pakistani representatives held a meeting with the ADB in Islamabad.

Economy and business enterprise

According to last year's results, GDP increased by 9.2% thanks to the production of electrical energy, gas, oil and oil products, fertilizer, non-metal building materials and cotton fibre. The budget surplus was earmarked for the stabilization fund. The share of agriculture in GDP decreased to 10%. The share of industry and construction increased and now makes up about 60% of GDP. The share of foreign investments also increased. Inflation fell to 0.1%.

Japan signed a contract with Ashgabat for the construction of a fertilizer plant with an annual capacity of 400,000 tonnes of ammonia and 640,000 tonnes of carbamide. A Turkish company that has cooperated with Turkmenistan for many years was awarded the contract to construct the plant.

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