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Highlights

The fifth meeting of the Technical Working Group of Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project took place in Ashgabat. With a preliminary cost of \$8 billion, the pipeline project is supported by the Asian Development Bank. Experts from Turkmenistan, Afghanistan, Pakistan, India and the Asian Development Bank discussed a number of important technical issues with a view to accelerating the construction of the pipeline. The implementation of the Trans-Afghan Pipeline Project will have a major impact on the economy of Afghanistan and the other countries involved in the project, and at the same time enhance the social and economic interests of other countries in the region.

Foreign and international policy

The President of Turkmenistan, Gurbanguly Berdimuhamedov, suggested that new political and diplomatic mechanisms should be developed to stabilize the situation in Afghanistan. Discussion of the possibility of constructing the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline drew a special response at the International Conference on Afghanistan that was held in Kabul. Berdimuhamedov declared that Turkmenistan is ready to give its political space for inter-Afghan peace negotiations under UN auspices.

It was President Berdimuhamedov's official visit to the Islamic Republic of Afghanistan in 2008 that launched the discussion of the pipeline project. The parties signed a memorandum of their cooperation in the fuel and energy sector. In that same year, a memorandum of understanding and cooperation in the sphere of oil and gas was signed by the respective petroleum ministries of Turkmenistan and India.

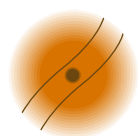
The next step was the signing of the framework agreement by Turkmenistan, Pakistan, Afghanistan and India on constructing the TAPI. In May 2008 the first meeting of the TAPI project technical group took place in Ashgabat, where the experts discussed gas price administration. In March 2009 President Berdimuhamedov held a meeting in Teheran with Asif Ali Zardari, president of Pakistan. The meeting took place within the context of the tenth summit of heads of state and governments of ECO member countries. It was at that meeting that the two leaders acknowledged the construction of the Turkmenistan-Afghanistan-Pakistan-India pipeline as one of the most important projects supporting cooperation between their countries. During his official visit to India, President Berdimuhamedov called for the further development of the project. Indian officials expressed their deep interest in gas delivery from Turkmenistan. Turkmen government officials met with UN representatives to discuss the creation of a group of experts to submit suggestions on developing international legal mechanisms for transiting energy resources.

Turkmenistan - UN relations

Turkmenistan's partnership with the UN is one of its main priorities. The government is continually extending cooperation with this international organization through the implementation of various joint projects.

Elizabeth Moorthy, Electoral/Political Affairs Officer of the UN Department of Political Affairs and Linda McGuire, Senior Electoral Adviser at UNDP headquarters visited Turkmenistan in July. President Berdimuhamedov held an official meeting with Alexey Tikhomirov, Interregional Adviser of the UN Department of Economic and Social Affairs, mainly to discuss the fuel and energy complex.

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A UNDP regional office specialist visited Turkmenistan to discuss problems linked with the development of a private sector.

Turkmenistan's foreign affairs minister took part in the UN meeting held in Almaty, devoted to efficient and sustainable water resources management. Also on the agenda were issues concerning energy in the countries of Central Asia.

In July President Berdimuhamedov received Jan Kubiš, Executive Secretary of the UN Economic Commission for Europe, who arrived in Turkmenistan with a special mission to participate in a regional meeting devoted to the problems of water resources in countries of Central Asia.

The U.S. is also interested in strengthening traditional mutual relations -particularly in the area of fuel and energy- and is ready to provide all-round support for projects in Turkmenistan. In August, Richard Morningstar, the U.S. Special Envoy for Eurasian Energy, visited Ashgabat to hold a meeting with President Berdimuhamedov and various other officials. Chevron is presently assisting Turkmenistan in conducting financial reforms. President Berdimuhamedov entrusted government officials with selecting the most suitable proposal from Chevron and other American companies (TICS Oil, Mubadala and ConocoPhillips) for developing offshore blocks.

Relations with the EU

The European Union and Turkmenistan started cooperation in the energy sector in 2009 with the signing of a special memorandum of mutual understanding and cooperation. Pierre Morel, the EU Special Representative for Central Asia and Georgia, arrived in Ashgabat to participate in the international forum on water resources and environmental protection. At his meeting with President Berdimuhamedov, a number of issues relating to cooperation in the energy sector were discussed.

An EBRD delegation visited Turkmenbashi, the international seaport on the Caspian Sea, to discuss upgrading facilities and utilities there. The EBRD experts considered the options for a phased reconstruction of the existing ferry service and the extension of a cargo terminal handling polypropylene. They also examined the problem of constructing a multifunctional station for providing Water Rescue Service and a rapid response to carbon emissions at production units.

In July a delegation headed by Paolo Serpina representing Italy's foreign affairs ministry negotiated a number of issues with officials of the state agency for the management and use of hydrocarbon resources. The Italian energy company ENI has been operating in Turkmenistan's Caspian Sea offshore sector since 2008. RWE of Germany -a member of the Nabucco gas pipeline consortium- is the first western company to receive permission for offshore drilling in Turkmenistan.

Cooperation with Iran

Iran is gradually increasing purchases of Turkmen gas. President Berdimuhamedov expressed the complete readiness of the Turkmen government to support Iran and emphasized its intention to extend cooperation in the oil and gas sector. In July, President Mahmoud Ahmadinejad held an official meeting with Rashid Meredov, foreign minister of Turkmenistan, to discuss bilateral cooperation in the oil and gas industry. At the meeting Iran again proved its willingness to increase purchases of Turkmen gas and continue providing security in the region. The Turkmen government believes that this approach to developing relations with Iran and entering into dialogue with President Ahmadinejad will lead to the constructive participation of Tehran in ensuring regional stability.

Internal affairs

The international forum in Ashgabat, Dialogue on Water Resources: "Implementation of IFAS Summit



Decisions and the Outcome of the UN Secretary-General visit to Central Asian countries” was attended by high-ranking government officials from countries in the region and international organizations, among which the UN, EU, OSCE, World Bank and the International Fund for Saving the Aral Sea. Afghan government officials and representatives of the UN mission on rendering assistance to Afghanistan attended the forum as observers.

The reconstruction of power generating units and the construction of power transmission lines to the Turkmenistan-Afghanistan and Turkmenistan-Iran borders has been scheduled with the aim of increasing electrical energy exports. The fact that Afghanistan purchases electrical energy from Turkmenistan at a reduced price has been appraised in very positive terms. The Turkmen leader is examining the task of supplying electrical energy to Kazakhstan and the possibilities of electric power transmission to Pakistan via Afghanistan.

The president of Tatarstan paid an official visit to Turkmenistan. Tatarstan is a big oil producing and refining region of Russia and one of Turkmenistan’s biggest partners in the fuel and energy sector, and in delivering helicopters and automotive engineering. President Berdimuhamedov emphasized his government’s interest in developing cooperation with companies in Tatarstan, among which KAMAZ, Tatneft, Kazan Motor Production Association, helicopter and shipbuilding facilities in Kazan, and Nizhnekamskshina Association. During this visit the contract between Tatneft and the state corporation Turkmennebit was signed to provide services geared to enhancing oil recovery in the southeastern sector of the Goturdepenebit oil field.

Turkmengas state corporation specialists have started exploration of the East-West pipeline route that is over 800 kilometers long. President Berdimuhamedov’s policy in the energy sector is

expected to provide a significant increase in the extracting and processing of hydrocarbons, to which end innovative technologies will be adopted and cooperation extended with leading companies all over the world.

Economy and business enterprise

The President of Turkmenistan highlighted the positive results of developing the fuel and energy sector. The production of liquefied gas reached a record figure of 75 thousand tons. President Berdimuhamedov is bent on increasing natural gas and oil extraction, enhancing energy carrier exports, producing high-quality petroleum products, and upgrading infrastructure for mining, processing and chemical production industries.

GDP saw dynamic growth in the year to June, increasing by almost 4%. In the construction sector the rate of growth reached 161.4%, in transport and communications 128%, trade 114%, services 106.5% and agriculture 108.1%. In comparison with the same period last year, assimilated investments from all funding sources grew 40%. The state budget revenue over seven months came to 105% and budget supply to 95%. The growth rate of retail turnover during the same period amounted to 115% against last year’s figure.

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