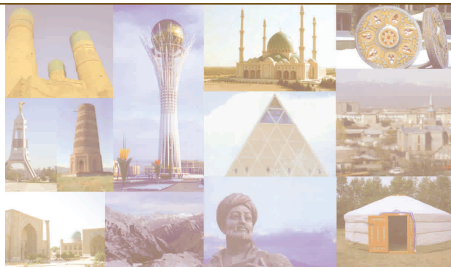




# CENTRAL ASIA OBSERVATORY

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The Central Asia Observatory (CAO) was established in 2007 by three institutions that are interested in the area: Casa Asia, CIDOB Foundation and Royal Institute Elcano



CASA ASIA



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## Highlights

Foreign policy and economic affairs were at the forefront of events as the new year kicked off. The Iranian President Mahmoud Ahmadinejad arrived in Turkmenistan to participate in the launching of the new gas pipeline connecting the Turkmen gas field Dovletabad with Iran. The new gas pipeline will serve to maximize gas exports to Iran, bringing the figure to 20 billion cubic meters this year. A 1,800km Chinese gas pipeline was opened in December 2009. Ahmadinejad's visit engendered a second joint project on cooperation in transport and the building of an international North-South railway corridor. The opening of these new gas pipelines attests to Turkmenistan's determination to expand its gas customer portfolio and usher in a new phase in regional cooperation, and diversify Turkmen gas export routes to world markets.

## Foreign and international affairs

### *Relations with Byelorussia*

The official visit of President Gurbanguly Berdimuhamedov to the Republic of Belarus in January became a highlight of Turkmenistan's external policy and international economic cooperation. President

Alexander Lukashenko has visited Turkmenistan twice, in 2002 and 2009. During his last visit, the two presidents signed the agreement for the construction of the \$1bn potash fertilizer production complex, with an estimated annual production capacity of 7 million tonnes, including 1.4 million tonnes of potash fertilizers. During the January visit, the two countries signed a framework agreement to conduct works on supplementary exploration and the development of another huge potash field in Turkmenistan. Byelorussia agreed to train specialists

for a new sector at its universities.

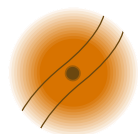
The two presidents signed various bilateral cooperation documents with a view to expanding trade and economic cooperation. They also signed agreements for deliveries of Byelorussian agricultural machinery, cars and public transport vehicles to Turkmenistan; military and technical cooperation, mutual recognition of higher education diplomas; establishment of trade houses and cooperation between Chambers of Commerce and Industries.

Trade turnover between the two countries in 2009 came to over \$74.2 million, exceeding the 2008 indicator by almost \$8.3 million. A delegation from the architecture and construction ministry of the Republic of Belarus headed by the deputy minister visited Turkmenistan in February, resulting in the signing of a set of bilateral documents aimed at strengthening partnership in different fields, including chemical industry, industrial and civic construction.

### *Relations with France*

President Berdimuhamedov's official visit to France took place in February. Diplomatic relations between the two countries were established on 6 March 1992. The agreement on mutual understanding was signed in April 1994. This year's visit paved the way for another round of constructive dialogue between the presidents of France and Turkmenistan. President Nicolas Sarkozy confirm his country's readiness to increase the number of Turkmen students attending French schools, as well as its support of in-house training of Turkmen experts. Within the framework of this visit, President Berdimuhamedov held meetings with the French minister of economic affairs, industry and employment Christine Lagarde, prime minister Francois Fillon, UNESCO General

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Director Irina Bokova and the chairman of the French Senate, Gerard Larshe.

The visit culminated in the signing of a set of documents containing the key areas of business partnership: power engineering, transport, communications, agriculture and chemical industry. The agreement for the creation of joint Turkmen-French Intergovernmental Commission on Economic Cooperation was signed.

An agreement was signed between Turkmenistan's power engineering and industry ministry and the Belgian-led consortium Enex Process Engineering and Schneider Electric of France for the project to enhance energy efficiency reliability in Ashgabat.

The President of Turkmenistan also participated at the Turkmen-French business-forum, which was attended by the heads of numerous leading EU companies.

### *Relations with United Arab Emirates*

In February the President of Turkmenistan made an official visit to the United Arab Emirates to discuss bilateral relations and the expansion of cooperation in different areas. Trade turnover between the two countries in 2009 amounted to \$676.1 million. This visit culminated with the signing of a number of bilateral agreements on trade, economic and technical cooperation, in particular the air traffic agreement between the government of Turkmenistan and the government of UEA. A few days prior to this visit to Abu Dhabi, the International Investment Forum was held in Turkmenistan.

The Chamber of Commerce and Industry of Turkmenistan organized this visit together with various branch ministries and departments. The co-organizers were Bin Omeyr Holding, Dragon Oil, and Petrofac international LLC of UAE. Petrofac International is presently working at South Iolotan, one of Turkmenistan's biggest natural gas deposits.

### *Turkmen-Asian cooperation*

A delegation from Iran headed by the deputy minister of foreign affairs arrived in Turkmenistan in February to discuss the status and perspectives of cooperation between Turkmenistan and Iran regarding regional and international policy. The legal status of the Caspian Sea was also considered in the framework of this meeting. In 2009, trade turnover with Iran reached \$2.9 billion.

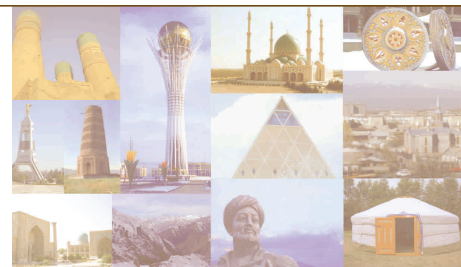
Turkey's minister of energy and natural resources and the president of the Islamic Development Bank flew to Ashgabat to take part in the launching of the new gas pipeline to Iran and the signing of the agreement on investment projects in Turkmenistan.

India's state minister of foreign affairs came to Turkmenistan to participate at the regular meeting of the Intergovernmental Turkmen and Indian Commission on trade, economic, scientific and technological cooperation. The Indian delegation included senior management representatives from a number of big Indian companies. Trade and economic affairs, energy, tourism, education and healthcare were identified as areas for cooperation, with discussions also encompassing opportunities for interaction in the field of new technologies.

The newly appointed ambassadors of France, the United Kingdom and Slovenia presented their credentials to President Berdimuhamedov, who also received the ambassador of the Republic of Azerbaijan, which has concluded its diplomatic mission in Turkmenistan.

### **Internal affairs**

"The role of the civil society in rendering of social services" was the subject for the round-table discussions organized jointly with UNDP in January. Turkmenistan's Ministry of Foreign Affairs, the National Institute for Democracy and Human Rights under the President of Turkmenistan and the British



embassy in Turkmenistan hosted the seminar on the issue of the legal regulation of mass media activities in CIS countries and Europe within the framework of the programme on legal legislation. Representatives of national organizations and ICRC experts took part in round-table discussions concerning the implementation of international law in the national legislation of Turkmenistan, and its study in secondary and higher education institutions of the country.

At the meeting of cabinet ministers on 18 February, President Berdimuhamedov proposed the creation of new political parties, marking the introduction of the multi-party system in the new Constitution. Hereinafter, new parties will be able to compete with the Democratic Party of Turkmenistan.

Ashgabat hosted an international scientific conference on alternative power sources of energy in Turkmenistan, attracting over 30 foreign participants. Several pilot projects were proposed, among which the building of a joint compressor station using wind energy in Turkmenistan's dry territories.

## **Economy and business enterprise**

### *Turkmen-Russian energy cooperation*

Deliveries of Turkmen natural gas to Russia resumed in the first ten days of January via the Central Asia–Center pipeline as per the documents signed to this effect in Ashgabat during the December visit of the Russian president Dmitri Medvedev. The first deputy chairman of the Russian Federation flew to Turkmenistan; during his meeting with President Berdimuhamedov, the two men discussed new prospects of further developing trade and economic cooperation, focusing on the opening up of trade houses in Moscow and in Ashgabat.

### *Interaction with EU and the US energy companies*

During a visit to Mary velayat region in southeastern

Turkmenistan, President Berdimuhamedov held a meeting with the CEO of the Austrian company OMV Exploration & Production GmbH, investing in the Nabucco gas pipeline. The two men shared their views on the prospects and opportunities of business interaction in hydrocarbon production. The Turkmen President also received Rudi Lamprecht, director of EWC East-West-Connect GmbH & CoKG, and confirmed Turkmenistan's readiness to develop cooperation with these companies which possess huge scientific and production potential.

During his visit to Turkmenistan in February, Neil Mallon Bush, CEO of South Oil, sent regards from his father George Bush Sr. to President Berdimuhamedov. The two men discussed energy cooperation prospects.

### *Economic indicators*

Social and economic development results for Turkmenistan in 2009 and the planned programme by sectors for the current year were summarized in January. In the first 11 months of 2009, GDP increased 106.1%. The GDP growth rate by economy sector was as follows: agriculture 108.5%, transport and communications 105.2%, trade 120.6%, services 111.2%. For the construction sector, the figure has risen by 2.9%. The growth rate for retail trade turnover in 2009 was 115.9% against the previous year. Trade turnover climbed 4.1%. The total volume of capital investments from all sources of financing increased more than twofold against the same period in 2008. According to results for the year to November, average salaries in 2009 increased by 10.9%.

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