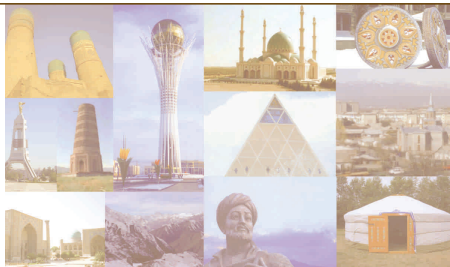




# CENTRAL ASIA OBSERVATORY

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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



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**TURKMENISTAN**

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Bimonthly article

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## Highlights

The permanent mission of Turkmenistan to the UN office in Geneva opened in March. A decree was passed approving the personnel budget of the mission for 2011 and the budgets of the diplomatic missions in the EU for 2011. Successfully interacting with leading UN institutions, Turkmenistan wants to expand the fruitful cooperation that has been established since independence.

Turkmenistan was elected a member of three authoritative UN commissions, the Commission on Population and Development, the Commission on Narcotic Drugs and UNHCR.

## Internal affairs

A joint meeting of the Operators Board and the Regional Commonwealth in the field of communications took place in Ashgabat. Representatives of the communications and telecoms ministries of Turkmenistan, Azerbaijan, Belarus, Kazakhstan, Moldova, Russia, Tajikistan, Uzbekistan, Ukraine and Slovenia discussed the building of a common cyberspace and measures to harmonize the regulatory framework. In 2011 the Turkmentelekom state telecommunications company announced projects to promote the development of the telecommunication sector. At the beginning of this year a contract was signed with Huawei Technologies and Nokia Networks to increase further the 2G and 3G-network capacity of the Altyn Asyr cellular communication operator.

The foreign ministers of Turkmenistan, Iran, Oman, Qatar and Uzbekistan met in Ashgabat to discuss the agreement on the creation of an international transportation route. The planned route will go from

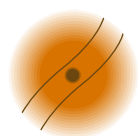
Uzbekistan, continuing through Turkmenistan in the direction of Persian Gulf, then on to ports in Oman and Qatar. Members of the working group will meet in the near future in Qatar to discuss the creation of a coordination council to implement the project. The railway will play a key role in fostering development and the rational use of Turkmenistan's natural resources.

## Talks on energy cooperation

Turkmenistan is attracting new investments for the development of the energy sector. A delegation from Turkmenistan led by vice premier Baymyrat Hodzhamammedov visited China. In advance of a forthcoming visit by President Berdimuhamedov, a Turkmen-Chinese agreement will be prepared for the supply of an additional 20 billion cubic meters of natural gas to China. Conditions have been discussed for a credit agreement between the state enterprise Turkmengas and the State Development Bank of China, as well as an agreement on multilateral cooperation between Turkmengas, Petrochina and the State Development Bank of China. Turkmenistan plans to attract an additional extra \$4.1 million for the large Southern Yoloten-Osman gas deposit. The credit agreement will be signed during President Berdimuhamedov's visit to China in 2011.

President Berdimuhamedov received Valery Golubev, the vice president of the board of Russia's Gazprom. Both sides emphasized their interest in expanding their partnership in the oil and gas sector. Golubev stressed that the price formula for purchasing Turkmen gas accepted on the initiative of the Turkmen president is producing good results. The cost and volume of Turkmen gas supplied to Russia will also change in accordance with the changes in the oil market. During their meeting, the sides discussed the process of implementing the agreement

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on natural gas supply to Russia for the current year and forms of cooperation for carrying out new infrastructure projects in the oil and gas sector and the gas-chemical industry.

President Berdimuhamedov received the CEO of the American company Honeywell International Inc, which has offered to assist in the implementation of the system of automation, hi-tech devices and equipment. The President said that Turkmen specialists would carefully study all the offers that are presented.

The first international conference outside Turkmenistan on «Oil and gas of Turkmenistan - 2011» took place in Singapore, attended by representatives of various companies including BP, ExxonMobil, Eni, Itocu, CNPC, Petrofak, Petronas and Buried Hill, the Asian Development Bank and banks of Switzerland, Germany and Japan. Turkmenistan presented investment opportunities in the oil and gas sector. Turkmenistan plans to organize similar forums in Europe and America in the future.

The Turkmen-French working group on energy cooperation met in Paris. Turkmenistan was represented by deputy prime minister and foreign minister Rashid Meredov and the oil, gas and mineral resources minister Bayramgeldi Nediroy. The policy makers discussed various issues, among which the situation in the Turkmen fuel and energy sector as well as investment opportunities in Turkmenistan. French companies expressed their readiness to increase their presence in the Turkmen market.

#### *Other fields of cooperation*

The minister of economy and development Byashimmyrat Hodzhamammedov participated in the first session of the intergovernmental Turkmen-Bulgarian commission held in Sofia. Trade, economy, energy, transport and construction were among the items on the agenda.

A delegation from Belarus led by prime minister Anatoli Kalinin participated in a session of the Turkmen-Belorussian intergovernmental commission in Ashgabat. In April the President of Belarus Aleksander Lukashenko made an official visit to Ashgabat. At present, 13 enterprises with Belorussian capital participation operate in Turkmenistan and ten investment projects with Belorussian company participation are being implemented, worth a total \$1.12 billion. One of the biggest joint projects is the construction of a mining and processing complex with a yearly capacity of 1.4 million tons of fertilizer. This project is being carried out by the public company Belgorkhimprom in the Lebap region of Turkmenistan. A programme between the ministries of foreign affairs for 2011-2012, a cooperation agreement between the finance ministries, and an agreement between the governments of the two countries were signed.

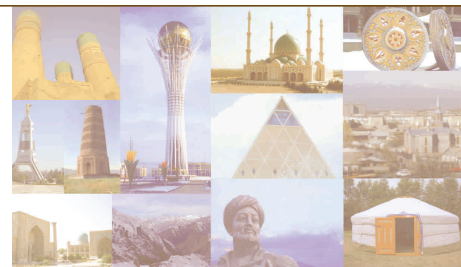
#### **Foreign and international policy**

##### *Cooperation with EU*

Europe is a key priority of Turkmenistan's foreign policy strategy. In March President Berdimuhamedov received Pierre Morel, the special EU representative for Central Asia and Georgia. Morel expressed gratitude to Turkmenistan for supporting Afghanistan. The EU is interested in further strengthening contacts and cooperation and development in the fuel and energy sector.

The ongoing development of this partnership between Turkmenistan and the EU was discussed at a meeting in the foreign ministry with a delegation representing the European parliament.

An EBRD delegation visited Ashgabat, headed by the bank's managing director for Turkey, East Asia, Central Asia and Caucasus. The banking and financial sector, transport and communication, and small and medium business were identified as priority directions of cooperation.



President Berdimuhamedov has also received *Sergei Belyaev*, the recently appointed head of the OSCE Centre in Ashgabat. Belyaev stressed the OSCE's goal of expanding its partnership with Turkmenistan, which makes a significant contribution to reinforcing security and sustainable development in the region and throughout the world. Key aspects of cooperation -particularly in the energy sector- were discussed at the meeting.

#### *Delegations from European countries continue to visit Turkmenistan*

A delegation of 20 large companies from the Netherlands visited Turkmenistan. Companies such as Royal Dutch Shell, MPS, Pielkendoor, SIMED, Royal Philips medical systems, Atradius, Berlanga and Van OORD are ready to offer Turkmenistan their experience and advanced technologies in various fields of industry.

Cooperation in trade and economy was one of the key topics at the meeting with a delegation from Austria. Special priority has been given to the activity of the joint intergovernmental commission and Turkmen-Austrian business forums.

The development of inter-parliamentary communications, trade and economic relations was considered at a meeting with a delegation from Romania. The most important topics of the meeting were energy and transport, as well as construction.

A meeting took place in the Mejlis (Turkmen Parliament) with the co-chairman of the Turkmen-British Commercial and Industrial Council. Issues discussed at the meeting included the fuel and energy sector, the trade, economic and banking spheres, transport, communication, telecommunications and tourism. Participants signed a memorandum of mutual understanding on cooperation between parliaments of participating countries.

The big European companies are attempting to expand their presence in Turkmenistan. Representatives of diplomatic circles of Finland visited Turkmenistan and noted the huge potential for developing relationships within the EU and OSCE framework. The delegation was received by the oil and gas industry and mineral resources ministry, the culture ministry and Turkmenistan's commercial and industrial chamber.

Representatives of the companies Ses Astra, BNP Paribas Fortis, Texnokom, Arbor and CE+T led by the chief executive of the Walloon Agency for foreign trade and investments visited Ashgabat. Businessmen discussed directions of cooperation in agriculture, the textile industry, and the finance and banking sectors.

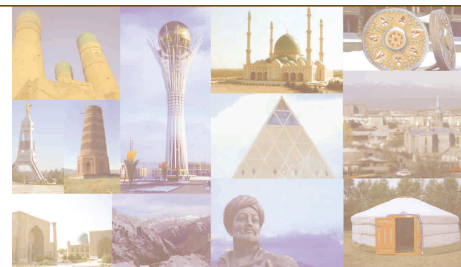
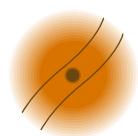
#### *Turkmenistan-USA*

Robert E. Patterson, a foreign service officer, was confirmed as US ambassador to Turkmenistan. Patterson has worked in the former Soviet Union and speaks Russian, and he is a skilled diplomatic service employee. In his report to the Senate committee, he identified the stabilization of the situation in Afghanistan with the assistance of Turkmenistan as a key issue.

#### *Official visit to Iran*

President Berdimuhamedov visited Iran to participate in the celebration of Nouruz-bayram, a new year holiday commemorating the spring equinox. In accordance with traditions of good-neighbourliness, Turkmenistan sent a gift of 1,000 tons of flour from the new wheat crop to the people of Iran to commemorate the celebration. President Ahmadinejad of Iran presented President Berdimuhamedov with a two-seater free flight plane, made in Iran.

During his visit to Teheran the Turkmen President met with his Afghan counterpart Hamid Karzai. A shipment of humanitarian cargo consisting of



medicines was sent to Afghanistan's House of Health, built with funds from Turkmenistan. President Berdimuhamedov proposed the construction of a railroad from Turkmenistan to Afghanistan. During his visit to Iran, the Turkmen President also met the President Emomali Rahmonov of Tajikistan and discussed cooperation in fuel and energy and transport and communication.

## **Economy and business enterprise**

Macroeconomic indicators for the first quarter of the current year show positive movement. The share of investments in GDP is 35.1%. The share of industry in GDP continues to increase. Construction, trade, transportation, communication and the service sector account for the largest share of GDP. Social sector expenditures make up 80% of government spending.

In particular, electric power production increased by 20% over last year, extraction of natural gas by 41.3%, oil by 6.5%, cement production by 4%, building materials by more than 9% and cotton-fibre production by 19%. Natural gas exports increased 87.9%. Production of liquefied gas grew 17.2%.

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