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CASA ASIA



May 2009



TURKMENISTAN

MARCH - APRIL 2009

Bimonthly article

Prof. Maral Meredova*

Highlights

Despite the global economic crisis, Turkmenistan is reasonably confident due to good perspectives regarding energy sales. According to official data for the period January-March 2009, gas production increased 105% and exports 108% against the same period last year. The state budget has grown 34.7% in comparison with last year and trade turnover by 290%.

At the beginning of March, the President of Turkmenistan attended the meeting of the Council of Elders in Turkmenabat. The main issues discussed at the meeting concerned the necessity of implementing farming reforms and making investments in the construction of schools and roads. Huge investments have been earmarked for the computerization of schools.

Foreign Affairs

U.S. in Turkmenistan

To weaken its energy dependence on Russia, America is continuing to develop trade relations and establish cooperation with Turkmenistan. On 9 March, President Gurbanguly Berdymuhamedov received the head of the conglomerate Honeywell International to discuss aerospace and transport technology developments. The American companies expressed their keen interest in doing business with Turkmenistan. The regional director of the American Agency for International Development, William Fray, has also visited Ashgabat and described present bilateral relations as "active and constructive".

The U.S. is taking steps to expand cooperation with Turkmenistan, as illustrated by the visit of U.S. Assistant Secretary of State for South and Central

Asia Richard Boucher to Turkmenistan, where he held a meeting with President Berdymuhamedov to discuss humanitarian and trade programmes.

Energy sector

The President of Turkmenistan regularly receives many callers from around the world intent on gaining access to the country's rich hydrocarbon resources. The conclusion of a deal with the German energy giant RWE AG, a partner in the Nabucco project to bypass Russian energy corridors, was a watershed moment in Turkmenistan's efforts in the last two years under the leadership of President Berdymuhamedov to establish a "multi-vector" energy policy.

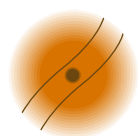
Edward Chou, an experienced American oil and gas analyst and expert based at the Washington Strategic and International investigations Center, also visited Ashgabat to discuss the Nabucco project with representatives of the energy sector.

Western and Asian countries are also participating in financing joint enterprises to deal with infrastructure development. Korea will be party to a production-sharing agreement for offshore drilling.

Regional relations

Turkmenistan took part in the tenth summit of the Economic Cooperation Organization (ECO), comprising the Caspian countries, Pakistan and Afghanistan, and Ashgabat with the status of associated member. The ECO was founded with the aim of developing regional projects. At the summit, the President of Turkmenistan held a meeting with the President of Afghanistan Hamid Karzai. The Afghan leader expressed his gratitude for Turkmen support in the form of subsidized energy deliveries and humanitarian aid. President Berdymuhamedov

*Specialist in Central Asia and Caucasus economies.



also met the Prime Minister of Kazakhstan Karim Masimov to discuss the construction of the North-South transport and communication corridor. In the course of his meeting with the President of Pakistan, President Berdymuhamedov highlighted the significance of the Turkmenistan-Pakistan-Afghanistan-India gas pipeline, which is considered to be a possible alternative route for connecting Turkmen energy carriers with the world market.

Strengthening relations with Kazakhstan

Turkmenistan is strengthening relations with Astana, having sent a delegation to the Turkmen-Kazakh Economic Commission meeting to discuss a joint gas pipeline and railroad projects. There is great interest in the construction of railroad trunks insofar as they will provide a vehicle for transporting liquefied gas and provide corridors for the transportation of military cargo for Afghanistan, also being considered as part of a large-scale plan to expand communications and trade in the Central Asia region. Kazakhstan discussed issues concerning work on the Caspian gas pipeline project. A telephone conversation took place between President Berdymuhamedov and President Nursultan Nazarbayev of Kazakhstan, during which they discussed plans for meeting at the conference on Aral Sea issues at the end of the month. The two presidents intend to work out a joint position on the Caspian gas pipeline and railroad line construction, which is to connect Kazakhstan, Turkmenistan and Iran. Russia probably does not want to finance this project owing to the financial crisis.

Other energy project developments

After the Russian summit, Pakistan reported on the results of the Ashgabat negotiations devoted to the long-standing and expensive Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, through which Turkmen gas will be exported through Afghanistan and Pakistan to India.

Internal affairs

Governance

Russian Prime Minister Vladimir Putin sent his vice premier Igor Sechin and the head of Gazprom Alexei Miller to take part in a meeting on pipeline safety and security on 23-24 April in Ashgabat. The session of CIS Council of Foreign Ministers took place in Ashgabat under the chairmanship of Sergey Lebedev. President Berdymuhamedov held a meeting with the Russian foreign affairs minister, Sergey Lavrov. CIS issues, among which regional railroad development plans, were discussed. President Berdymuhamedov invited CIS foreign affairs ministers to the other conference on regional energy security, highlighting the importance of enhancing pipeline safety and security in the light of mutual interests, and the right of producers to quote their prices.

On 23-24 April, political leaders and energy sector managers gathered in Ashgabat to take part in the conference on international energy safety, nowadays deemed to be an issue of utmost importance, a fact recognized in the brief resolution on “reliable and stable transit of energy” passed by the UN General Assembly at Turkmenistan’s initiative.

Business relations with Russia

President Berdymuhamedov made a three-day visit to Russia. A celebration of Russian culture took place in Turkmenistan and a big concert was given to mark this event.

Turkmenistan continues to do business with Russia, which will participate in the construction of two new railroads: Iran-Azerbaijan -Russia and Iran - Turkmenistan-Kazakhstan- Russia. The current construction projects and joint plans for developing offshore gas fields on the Caspian Sea were discussed at the meeting with the Russian company Itera. The unaccountable explosion on 9 April on the gas pipeline at the Turkmen-Uzbek border caused gas deliveries to Russia to be suspended. Gazprom said



that deliveries had been temporarily postponed and that three out of four pipelines delivering gas through Central Asia to Europe had already been restored.

Chinese projects

The contract for the construction of the Turkmen-China “Malai-Bagtyarlyk” gas pipeline supported by China was awarded to the Russian company Stroitransgas. The Turkmen government reported that 40 km of the 188 km gas pipeline had already been constructed.

Turkmen - Iranian relations

The energy ministers of Turkmenistan and Iran discussed the project for the construction of a hydroelectric station. Turkmen officials also visited Tehran to examine the prices Iran will have to pay for Turkmen gas in the second half of 2009.

President Berdymuhamedov also received Iran's special representative in Caspian Sea Affairs and Deputy Foreign Minister for European Affairs Mehdi Safari to discuss joint projects and, more particularly, the urgent need to settle disagreements concerning the sharing of Caspian waters, which continue to hamper cooperation between coastal states.

European interests in Turkmenistan

At the end of March, Italy's deputy foreign minister Alfredo Mantika held a meeting with President Berdymuhamedov and the heads of a Turkmen fuel-energy complex to discuss the possibility of Italy's national hydrocarbons agency (ENI) applying for the international tenders issued by Turkmenistan. Mantika invited President Berdymuhamedov to the G8 meeting that will discuss the situation in Afghanistan, scheduled to take place in June in Trieste.

On the eve of the energy conference, the European Parliament passed a trade agreement with Turkmenistan on 22 April.

On a two-day visit to Turkmenistan, the OSCE representative on freedom of the media, Miklos Haraszti, opened a one-week training seminar for journalists and lectured students at the newly established Institute for Foreign Relations.

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