



CENTRAL ASIA OBSERVATORY

<http://www.asiacentral.es>



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



TURKMENISTAN

SEPTEMBER - OCTOBER 2009

November 2009

Bimonthly article

Prof. Maral Meredova*

Highlights

At the UN General Assembly Turkmenistan demonstrated its commitment to the policy of neutrality to the world community. The President of Turkmenistan Gurbanguly Berdimuhamedov was re-elected as one of the 21 UN vice presidents. He took the initiative on adopting the resolution on energy safety. President Berdimuhamedov brought attention to the necessity of terminating the militarization of the Central Asian region and suggested holding the regional conference on disarmament at the beginning of next year. His willingness to subject these issues to public scrutiny was met with understanding and gratitude by the UN, America and other countries.

The President of Turkmenistan held a meeting with UN General Secretary Ban Ki-moon, U.S. Secretary of State Hilary Clinton and other leaders. They greatly appreciated Turkmenistan's activities in supplying Afghanistan with low-cost electricity and providing humanitarian support there. During the visit, Clinton positively appraised the reforms in the field of education that are being implemented on President Berdimuhamedov's initiative and suggested providing assistance in improving Turkmenistan's infrastructure and training next-generation specialists.

Ban Ki-moon plans to visit Turkmenistan in November and effectively support the Regional Centre on Preventive Diplomacy in Ashgabat, whose activities are geared towards settling the conflict in Afghanistan and arbitrating disputes on water resources.

President Berdimuhamedov was presented with the award of the International Informatization Academy

in Trenton, New Jersey. The Academy has a consultative status on the UN Economic and Social Committee and carries out the development of information technologies and libraries.

Internal affairs

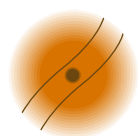
Prospective customers of rich gas resources in Turkmenistan are waiting for the results of the tender for building the branch gas East-West border transmission pipeline.

Turkmenistan is strengthening its positions on the Caspian Sea. Construction of a naval base is being planned in Turkmenbashi. President Berdimuhamedov declared the country's intention to purchase warships equipped with missiles and high-speed patrol boats. The OSCE organized the seminar on interpreting X-ray images and strengthening air security. These measures are justified on the grounds that cases of smuggling in the region are more frequent than in the past.

The ceremony for the opening of a new border point, the third located on the vulnerable border section of Turkmenistan with Iran, Afghanistan and Uzbekistan, was headed by U.S. representatives, who highlighted their intention to assist Turkmenistan in strengthening its borders in order to stop the illegal activities of terrorists and smugglers.

Turkmenistan is also striving to solve regional problems. President Berdimuhamedov offered his assistance in settling serious controversies concerning the use of energy and water resources in Central Asia. These disputes can be settled by making countries located in the lower parts of the stream pay the countries located in the upstream regions for electricity in exchange for guaranteeing water volumes.

*Specialist in Central Asia and Caucasus economies.



The President of Uzbekistan called on President Berdimuhamedov to discuss the Turkmenistan initiative on consuming water resources and the issues of the Chinese gas pipeline to be laid through the territory of both countries. Tajik President Emomali Rakhmon is expected to arrive in Ashgabat in the near future to participate in negotiations on further cooperation.

In honour of the Muslim sacred month Ramadan, the Turkmen leader pardoned 1,264 individuals serving prison sentences.

Foreign and international policy

The President of Venezuela visited Turkmenistan in September to discuss ways of strengthening world peace, security and sustainable development. President Berdimuhamedov has expressed his intention to visit Venezuela in the near future.

At the meeting of Caspian countries held in September, the President of Turkmenistan spoke of “Nabucco” and the Afghanistan-Pakistan-India gas pipelines. The construction of the Turkmenistan-India transit gas pipeline has been complicated by problems of security and transit dues. Meanwhile, Turkmenistan has authorized one of the big “Nabucco” investors and Germany’s RWE to carry out the prospective work concerning the offshore deposits on the Caspian Sea.

In October, France sent a delegation to Turkmenistan to discuss different aspects of mutual cooperation in Afghanistan and the development of further bilateral relations in other fields. Representatives of Bouygues Construction Company, a long-standing partner of Turkmenistan, entered the delegation. The delegation officials made a number of suggestions on capital development to the President of Turkmenistan.

During his visit to Ashgabat, the OSCE representative of free mass media Micklosh Harasti focused

attention on positive aspects of cooperation with Turkmenistan. At the Bishkek conference for journalists from Central Asian countries, Harasti expressed great satisfaction at the attendance of Turkmen representatives at the conference since they had not participated in such activities before.

On 13 September, President Berdimuhamedov and Russian President Dmitrii Medvedev met in Turkmenbashi to discuss relations between their countries. During the meeting they reached a number of technical agreements in connection with the accident in April 2009.

In September, the President of Ukraine Victor Ushenko arrived in Turkmenistan to participate in a two-day ceremony devoted to the construction of a bridge which is expected to become operative next year.

Economy and business enterprise

Relations between Turkmenistan and Ukraine improved significantly since Ukrainian companies accelerated construction of the bridge across the Amu Darya River and stepped up their activities on other construction sites in Turkmenistan. Trade turnover with Ukraine increased 24% in comparison with last year. Ukraine is prepared to arrange direct supplies and purchase gas at lower price rates than Russia offers. But direct supplies cannot be started until 2015 because of the agreement that exists between Turkmenistan and Russia, and which remains in effect until 2013.

Russia’s Gazprom is ready to resume purchases of Turkmen gas. At the conference in Almaty, the Turkmen representative stated that gas exports to Russia will possibly start again at the end of October. Gazprom sent a delegation headed by Alexei Miller to hold a meeting with the President of Turkmenistan to discuss gas exports and the regulation of gas prices. Although Turkmenistan considers Russia its main



strategic partner, gas prices will be determined in accordance with European market standards and volumes, which means that Moscow faces huge challenges in this area. The construction of the Chinese gas pipeline is nearing completion and will open on 15 October this year.

Last year, trade turnover with Russia reached about \$6 billion. The interruption of gas supplies in April this year as a result of the accident on one of the pipeline sections did not have a significant impact on trade turnover with Russia. The Russian shipbuilding yard delivered the second of two large-tonnage cargo carriers with a total value of \$31 million given by the Islamic Development Bank to assist in transporting oil products. Turkmenistan signed a \$500 million contract with St. Petersburg companies for the construction of bridges and underpasses, and the President of Turkmenistan held a one-to-one meeting with the governor of St. Petersburg Valentina Matvienko. Turkmenistan will buy a communication satellite to develop communication lines.

During his U.S. visit, President Berdimuhamedov held a number of meetings with representatives of many companies interested in the Turkmen market. The Eurasia Group Consulting Company organized a meeting with a special representative of the U.S. Secretary of State for energy matters in Eurasia. The bosses of Chevron, Exxon Mobile and other companies also met with President Berdimuhamedov. The dialogue with U.S. business representatives continued in October. The U.S. delegation headed by the executive director of Turkmen-American Business Council arrived in Ashgabat. The vice presidents of Chevron, Boeing, Case New Holland, John Deere and other companies entered the delegation. They exchanged opinions on the development of mutually beneficial relations in the sphere of high technologies and cooperation on the matters of Turkmen economy diversification. Presently, 101 investment projects worth over \$1.6

billion have been registered in Turkmenistan.

The annual conference in Ashgabat on investment problems with 450 guests from 50 countries has completed its work.

The opinions expressed here are those of the authors and do not necessarily reflect the positions of the Central Asia Observatory (CAO). The institutions that constitute the CAO are not responsible for the use of these contents.