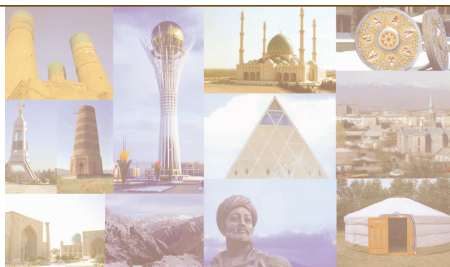


CENTRAL ASIA OBSERVATORY

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TURKMENISTAN

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Bimonthly article

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Highlights

On September 26, the Halk Maslahaty (People's Council) adopted the new version of the Constitution of Turkmenistan, by virtue of which the Halk Maslahaty was abrogated and its responsibilities devolved to the Mejlis (Parliament). A proposal was made to increase the number of members of Parliament from 65 to 125. Parliament was authorized to propose amendments to the Constitution and the President of the country was empowered to appoint the members of the national electoral committee, the hakims in the velayats (provincial governors) and the hakims in the cities (mayors). The new Constitution particularly emphasized the formation of the market economy based on private, government or other forms of ownership. In connection with this, some amendments were adopted to encourage and support the development of small and medium-sized businesses.

The President of Turkmenistan awarded a contract to the British consultancy company Gaffney, Cline & Associates to audit the gas deposits of the Southern Yoloten–Osman and Yashlar fields in the east of Turkmenistan (Amu Darya river basin). The audit shows that this deposit contains gas reserves of 4-14 trillion cubic meters –exceeding Russia's Shtokman gas deposit reserves– and can be considered one of the largest in the world. This gas field is one of the numerous deposits in Turkmenistan. Energy experts from the International Crisis Group located in Brussels concluded that preliminary estimates of South Yoloten–Osman and Yashlar gas reserves attest to Turkmenistan's capacity to execute its contractual obligations.

On 6 October, Turkmenistan commemorated the

sixtieth anniversary of the tragic Ashgabat earthquake. The country celebrated the seventeenth anniversary of its independence on 27 October.

Cooperation for development

Education

The Cabinet of Ministers discussed on 1 September the further development of the education system with a view to accelerating the implementation of national reform programmes. The European Commission sent a delegation of the European Education Fund (EEF) to Turkmenistan to assess perspectives of cooperation in education and to organize the workshop for professional trainings. The EEF began its activities in Turkmenistan in 2007 with a view to working in cooperation with the Turkmen authorities to modernize the education system.

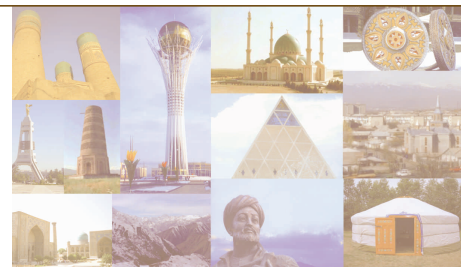
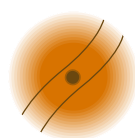
Nowadays education is one of the country's main priorities. Turkmenistan welcomes and supports training programmes and initiatives facilitated by international experts and trainers.

The interactive multimedia education centre was opened in Ashgabat with the support of USAID and the International Research Exchange Council. The new centre is one of the five centres opened in Ashgabat with US assistance.

The interest in promoting education of the Turkmen government brought to the organization of the book fair held in the Ashgabat Exhibition Centre (8 -10 October 2008), as well as to the third international exhibition on publishing where twenty-two countries participated.

Under the title "Conflict Prevention: Analysis for Action" a workshop was held in the UN Regional

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Centre on Preventive Diplomacy (UNRCCA) for officials from the foreign affairs ministries of Central Asian countries and UN Agencies. Polish specialists delivered a series of lectures on current world politics at the Institute of International Affairs in the framework of academic exchanges with foreign experts.

Transport security

The OSCE Centre organized a workshop for Turkmenistan airport employees, a special course on identifying forged documents and a workshop on railway security. The ministry of foreign affairs, the National Institute for Democracy and Human Rights, under the President of Turkmenistan, organized and held the international conference on “Main Trends in Developing International Law” with the support of the German Society for Technical Cooperation.

Governance

A group of Turkmen parliamentarians visited Sweden to familiarize themselves with the legislative system of this country. The study tour was organized with the assistance of the OSCE Centre in Ashgabat and the Swedish Parliament. Similar study tours had previously been organized to France and Germany.

The President of Turkmenistan entrusted the Mejlis and the Central Electoral Committee with the task of organizing elections and referendums to be held on 14 December 2008. The present delegates of the Mejlis were elected in December 2004. In this respect, the law on “Elections of delegates of the Mejlis of Turkmenistan” was passed on 15 October. The issue of improving the existing electoral system was the focus of attention at the special round-table discussions organized by Turkmen institutions and UNDP.

Energy security

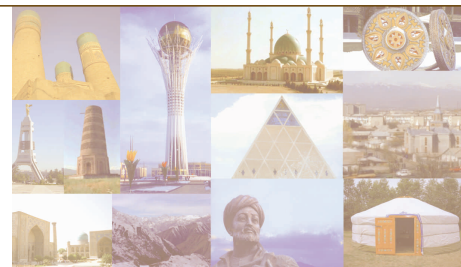
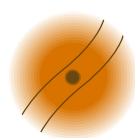
The oil and gas sector is a priority area of investment.

Today, over 1,000 oil/gas structures have been discovered and over 150 fields explored, albeit only 58 developed. New opportunities for pursuing activities in the Caspian region were presented at a conference in Azerbaijan. Today 32 licensed blocks on the Caspian Sea have been opened for foreign investment. And Turkmenistan plans to increase the number of licensed blocks. Turkmenistan’s share of the product agreement provides for 6+2+2 years for investigation and 20+5 years for development. The drilling license can be extended for ten years if necessary.

A memorandum of understanding between Turkmenistan and Turkey has been prepared. Turkmenistan is ready to grant a gas deposit to the Turkish Petroleum Cooperation for development. The Turkish Ministry of Energy has suggested investing \$8-10 million in the energy sector.

The President of Turkmenistan held a meeting with the US assistant secretary for Southern and Central Asia where further cooperation between Turkmenistan and the USA was discussed, with particular attention being paid to cooperation in the fuel and energy sector. The construction of the “Nabucco” gas pipeline through the territory of Caucasus and bypassing Russia was emphasized in this regard. About 30 billion cubic meters will be delivered to Austria via Georgia, Turkey, Bulgaria, Romania and Hungary. Austria supported Turkmenistan’s initiative on adopting the special UN resolution providing for the security of international pipelines. The importance of these problems was highlighted at the meeting between the President of Turkmenistan and the Austrian ambassador, who is monitoring the “Nabucco” project. Andres Pielbags, the European Energy Commissioner, underlined the necessity and importance of the “Nabucco” and “North Stream” pipelines.

Mr. Boyden Gray, the US special envoy on Eurasian Energy Policy, and Mr. Steven Mann, the coordinator



of Eurasian Energy Policy of the US Department of State, continued on September their negotiations with the government of Turkmenistan with a view to furthering cooperation in the energy sector. Mr. Boyden Gray and Mr. Steven Mann had previously visited Turkmenistan in June 2008.

Turkmenistan took part in several initiatives regarding security and energy during these months: the capital of Azerbaijan hosted the international conference “Oil and gas potential of Azerbaijan and Turkmenistan: energy, economy and ecology. Cooperation Strategy”. Moreover, Turkmenistan took part in the forum “EU-Central Asia: security issues”, initiated by France.

High-level officials from the German companies “Siemens AG” and “Gotz & Partner” and the President of Turkmenistan discussed on September ways and means of supporting the development of the oil and gas sectors were discussed at an official meeting.

The Foreign Minister R. Meredov represented Turkmenistan at the annual UN General Assembly that opened in New York at the end of September. The ministry of foreign affairs was authorized to voice the initiatives of the President of Turkmenistan concerning the adoption by the UN of a special convention on security guarantees for international pipelines. On the other hand, deputy foreign affairs ministers from Central Asia held a work meeting in Ashgabat. The main discussions concerned potential threats to security in the region, border control, ecological problems, product and energy security, stabilization problems in Afghanistan and other issues. The action programme was designed by UNRCCA for the next three years.

Turkey announced its willingness to earmark \$125 billion for joint energy projects up to 2020. The chief of the EBRD announced the bank’s readiness to award credits for large-scale energy

projects in the Caspian region. In 2009, the EBRD will reconsider Turkmenistan’s strategy. Today the EBRD has a credit portfolio of around ₸541 million.

Business and economic cooperation

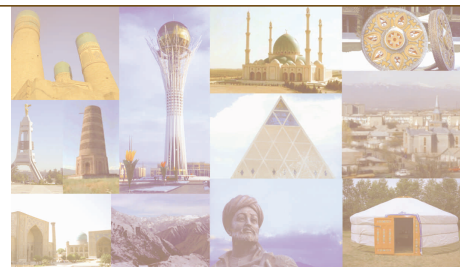
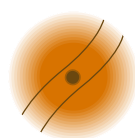
Representatives of “Deutsche Bank AG” visited Ashgabat at the beginning of October. They expressed their willingness to support the development of Turkmenistan and discussed problems concerning the organization of the Turkmen-German business forum to be held in Ashgabat in the autumn of 2008.

The Assistant Secretary of the US Department of Trade on European Affairs visited Turkmenistan and held a number of meetings with Turkmen government officials relative to the matter of enhancing bilateral trade relations.

The President of Turkmenistan declared that a Stabilization Fund would be set up to minimize the negative impact of the world economic and financial crisis on the national economy of Turkmenistan. As the President said, the Fund will reduce the national economy’s dependence on fuel and energy, thus palliating the damaging effect of external factors. The fund budget will be used for the social and economic development of Turkmenistan. Representatives of five Caspian states -Russia, Iran, Turkmenistan, Kazakhstan and Azerbaijan- and international companies took part in the conference in Astrakhan. Participants arranged to create a joint organization for economic collaboration.

Information cooperation

The Turkmen capital hosted the thirty-ninth session of the Regional Communications Commonwealth Management Council heads and the thirteenth session of the Informatization Coordination Council of the CIS member states. Participants at the meeting considered common tasks and goals relative to setting up the CIS countries’ information space. During this period, the second International Exhibition of Telecommunications, Telemetry, Information



Technologies and Tele-radio Broadcast Equipments -“Turkmentel-2008”- and a scientific conference were held.

Agricultural cooperation

The President of Turkmenistan took steps to launch a forum of agricultural producers from Commonwealth Independent States next year. He also suggested organizing an exhibition of agricultural products and equipment.

The joint stock association on production and technical service for agriculture, “Turkmenhyzmat”, has negotiated contracts with the Swiss company “CNH International SA” and the Austrian company “Alois Pottinger Maschinenfabric GmbH” for the purchase of agricultural equipment.

The large-scale international exposition “Fish industry of Turkmenistan - 2008” took place in the first week of September. The main subject of the forum was the preservation and efficient management of biological resources in the Caspian Sea and the inland water reservoirs of the country, considered to be a strategic task.

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