



# CENTRAL ASIA OBSERVATORY

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## Highlights

The nationwide elections of delegates to the Mejlis (Parliament) were held on 14 December 2008. This was the first time that 27 polling venues had been opened in diplomatic representations of Turkmenistan in foreign countries, enabling citizens of Turkmenistan who were abroad at the time to participate in the parliamentary elections. Three members of the UN Secretariat, over 40 official and unofficial observers from CIS, OSCE, EU and the USA arrived in Turkmenistan to observe the course of parliamentary elections.

The CIS Mission was in Turkmenistan from 25 December. They visited the regions, held meetings with the electorate, candidates and local authorities. The OSCE mission headed by the Bulgarian diplomat Nikolai Vulchanov observed the election process and assessed the influence of amendments recently inserted into the electoral legislation of Turkmenistan on the course of elections. Of the 288 registered candidates, 56 were women.

On 15 December 2008, the final press conference was held at the headquarters of the international observers to declare the results of the pre-election campaign and the course of parliamentary elections. It was emphasized that the elections had been organized and held on the basis of openness and in complete accordance with international standards and recent amendments in the national legislation system.

## Foreign Affairs

### *International relations*

The President of Turkmenistan and a delegation of 140 government officials visited Germany and

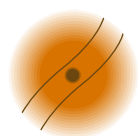
Austria. Gurbanguly Berdymuhamedov held an official meeting with the German Chancellor, Angela Merkel. Most branches of the Turkmen economy have been developed with the active investment and participation of German companies. There are more than 45 projects implemented by “MAN”, “Mannesman”, “Teknip”, “Siemens”, “Bentek GMBX” and other German companies. Last year commodity turnover between Turkmenistan and Germany was estimated to be worth around \$207 million. Germany has wide perspectives to provide Turkmenistan with its technologies in gas field development, public health and communications.

The President of Turkmenistan also held a meeting with Heinz Fisher, the President of Austria, the General Secretary of OSCE and other officials.

During the meeting with the OSCE General Secretary, it was emphasized that the OSCE would continue its fruitful cooperation with Turkmenistan. The participation of Turkmenistan in the annual meeting of the Council of Foreign Ministers of OSCE countries was a good evidence of their mutual interest in a long-term partnership. The new joint project to be launched in Turkmenistan in the near future is aimed at strengthening the borders of Turkmenistan. Upcoming training will involve not only Turkmenistan border guards but also border guards from Afghanistan. Turkmenistan's new initiative on rational water consumption was met with support and approval.

Gurbanguly Berdymuhamedov and the President of South Korea held a meeting in early November, resulting in a joint declaration on extending bilateral relations between the two countries and establishing a partnership. During the meeting, the partners reached an agreement on the development of cooperation and the significant growth of investments in the fields of transport, communication, construction

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and finance. The presidents signed a cooperation agreement with a view to fighting against international organized crime under the auspices of the UN and other international organizations. The President of South Korea accepted Gurbanguly Berdymuhamedov's invitation to visit Turkmenistan in 2009.

### *Turkmenistan's Foreign Policy*

In November the first summit of the presidents of Turkmenistan, Azerbaijan and Turkey took place in Turkmenbashi. The political leaders and officials of key oil and gas companies attach great importance to the development of additional gas supply routes to the countries of Western Europe through the Caspian Sea region. The summit, as some reporters noted, strengthened relations between the three Muslim countries involved in the energy supply business, either as suppliers (Turkmenistan, Azerbaijan) or as transit countries (Azerbaijan, Turkey). One of the agenda issues was gas delivery to Turkey. Another significant agenda issue was the agreement on the demarcation line lying across the floor of the Caspian Sea. Turkmenistan has been negotiating with Azerbaijan for two years concerning disagreements relating to previous debts in a bid to create a favourable atmosphere for diplomatic relations. Despite the efforts made, the agreement on the demarcation line across the Caspian Sea floor has yet to be reached.

Pierre Morel, the EU special representative in Central Asia, arrived in Ashgabat to attend the international forum on the problems of water consumption. Pierre Morel held a meeting with the President of Turkmenistan at which they discussed the issues of water consumption and gas supply. At the meeting, mention was made of the EU's substantial interest in implementing the Nabucco pipeline project, the significance of which should not be underestimated in the light of the Russian–Georgian conflict and the war between Georgia and Ossetia. EU interest in the Nabucco project is supported by Russia's

aspiration to control many of the existing gas pipelines. Pierre Morel approved the efforts of the Turkmenistan government to improve relations with Baku as a promising step towards providing gas supplies via the southern route in the future.

### **Internal affairs**

#### *Governance*

In December, the President of Turkmenistan held a meeting with Ibragim Djigich, the ambassador of the OSCE Centre in Ashgabat, whose diplomatic mission in Turkmenistan is drawing to a close. At the meeting, the President underlined the invariable adherence of Turkmenistan to a constructive partnership with the OSCE in the matter of achieving world peace and sustainable development. Turkmenistan has broad experience of joint projects with the OSCE as one of the leading international organizations. The participation of OSCE experts in monitoring the pre-election campaign and the parliamentary elections is an example of fruitful collaboration in this respect.

#### *Medical issues*

The international exhibition and the conference "Achievements of Health System in Turkmenistan" were organized and held by the Ministry of Health and Medical Industry and the Chamber of Commerce and Industry of Turkmenistan. Turkmenistan closely collaborates with Germany, Turkey and Russia in the sphere of health care. The event involved leading medical specialists from Europe, CIS, the US, Turkey and different medical and pharmaceutical companies. Pharmaceutical companies were represented either by operating firms or those that are planning to start up businesses in this field.

#### *Economic issues*

The worldwide financial crisis that has made such an impact on other countries' economies does not appear to be influencing Turkmenistan's national economy to any significant degree. Since 1 January 2009, money trade operations have been taking place



with two kinds of national currency: old banknotes and denominated *manats*. This year the old banknotes will be gradually withdrawn from circulation and replaced with new ones. At present, it is difficult to predict how this denomination will influence the country's economic indicators. The government of Turkmenistan is making important efforts to guarantee the country's economic stability.

In 2008 Turkmenistan's economy achieved a real growth rate of 10.5%, although the real growth rate estimated by the World Bank at the beginning of 2008 was equal to 7%. Inflation was estimated at 8.9% at the end of 2008, albeit at 11.3% as per the World Bank prediction. GDP reached 43.68 billion new Turkmen *manats* (denominated national currency) or \$15.33 billion.

### *Energy sector*

Oil and gas are important to the economies of the Caspian region countries. Turkmenistan exported 47 billion cubic metres of gas out of the 70.5 billion cubic metres extracted in 2008. Next year the country plans to extract up to 75 billion cubic metres of natural gas and 10.9 million tons of oil.

The annual oil and gas conference sponsored by the well-known companies BP, Buried Hill, Chevron, ConocoPhillips, KazMunayGaz, Marathon, Calik Energji, Dragon Oil, ExxonMobil, RWE, Shell, Statoil Hydro, Total and others was held on 19-20 November. More than 230 oil-gas and service companies from 35 countries including the EU, Russia, the US and China took part in this event seeking further opportunities for business.

### *Collaboration through workshops*

The State Committee on citizens' appeals concerning the activity of legislative bodies was established last year. An Interdepartmental Committee and a State Committee were set up to implement international obligations concerning human rights issues and to improve the legislative system of Turkmenistan. In

connection with this, Turkmenistan continues the practice of inviting foreign experts to share their experience by taking part in workshops in the context of technical cooperation programmes.

The Central bank, with the support of the IMF, organized a seminar on financing terrorism and money laundering. Turkmenistan's ministry of foreign affairs and its National Institute for Democracy and Human Rights held a forum within the context of the regional project "Support of Law and Court Reforms in Central Asian Countries", together with the British Embassy in Ashgabat and the German Society of Technical Cooperation (CTZ). Teachers from higher educational institutions of Turkmenistan have been improving their knowledge of Certified International Professional Accountant (CIPA) requirements, within the scope of an 18-month project. The Supreme Council of Science and Technology, under the President of Turkmenistan, opened the new CIPA study centre.

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