

TURKMENISTAN SEPTEMBER-OCTOBER REPORT

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Highlights

On 27 October Turkmenistan celebrated its 21st independence day anniversary. A congratulatory telegram from Philippe Le Houverou, World Bank Vice-President for Europe and Central Asia regions, announced that Turkmenistan has been given upper-middle-income-country status.

Foreign and international policy

Uzbek president Islam Karimov paid an official visit to Turkmenistan, during which he and President Berdimuhamedov signed important interstate and intergovernmental agreements concerning the expansion of bilateral cooperation and multi-layered interaction between the two neighbours. The use of water resources in the region was among the significant issues negotiated by the presidents.

European countries expand cooperation with Turkmenistan

A number of bilateral agreements aiming at intensifying multilateral relations were signed by President Berdimuhamedov during his first official visit to Switzerland. The President of the Swiss Confederation Eveline Widmer-Schlumpf and President Berdimuhamedov discussed different aspects of their cooperation in various areas. Within the framework of his visit, the Turkmen President also held a meeting with Hansjörg Walter, the speaker of the National Council of the Federal Assembly of the Swiss Confederation, and representatives of Solid Energy Solutions, the Swiss company that will finance the construction of the 620 km Ashgabat-Turkmenbashi-Balkanabat modern transmission line.

Sabine Ullmann Shaban, ambassador extraordinary and plenipotentiary of the Swiss Confederation in

Turkmenistan, arrived in Ashgabat at the head of a Swiss delegation to discuss the further development of Turkmen-Swiss cooperation, attesting to the strengthening of relations between the two countries.

On his way to Switzerland President Berdimuhamedov stayed in Paris and met with the heads of major French partner companies Bouygues, Vinci Grand live, Total, France Galop and CIFAL, plus a representative of Qatar's Al Thani ruling family.

Trade and economy, energy, transport and communication were among the priority areas negotiated by President Berdimuhamedov and Latvian President Andris Bērziņš. Berdimuhamedov showed deep interest in the experience of developing the Riga and Ventspils free ports, Liepaja special economic zone, industrial parks, banking and investment sectors. He also visited Latvia's national parliament and met with the speaker of Latvia's parliament.

Europe approves of Turkmenistan's strategy to diversify its energy resource routes to world markets. Bilateral cooperation issues in key areas were discussed during the official visit of Traian Basescu, president of Romania, to Ashgabat. During the meeting both presidents underlined the importance of strengthening their bilateral partnership and agreed to expand a bilateral dialogue on natural gas supply to Europe. President Basescu noted that Romania is ready to fulfil its 'EU-gate' mission.

Romanian economy minister Daniel Chitoiu flew to Ashgabat to participate in the third meeting of the joint intergovernmental Turkmen-Romanian commission for economic, scientific and



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technological cooperation. Chitoiu and President Berdimuhamedov discussed the feasibility of constructing the Eurasian transport corridor between the ports of Turkmenbashi and Constanta.

The current state and prospects of cooperation in the energy sector plus joint efforts in terms of creating a legal basis for international cooperation on energy issues were discussed in a meeting with Jean-Arnold Vinois, acting director of the EC Directorate General for energy policy.

Turkmenistan has made significant steps towards increasing cooperation with European partners in other areas besides energy and trade. German parliamentary delegations and a Turkmen-German forum met in the *Mejlis* to discuss inter-parliamentary relations and cooperation in the field of legislation.

At a meeting in Ashgabat, Deutsche Bank expressed interest in continuing its long-term cooperation with Turkmenistan and a German group of Bosch companies presented a series of projects for Turkmenistan.

Turkmenistan continues its activities in the international arena, receiving delegations from international organizations. The International Organization for Migration headed by Renate Held, the regional director for South-Eastern Europe, Eastern Europe and Central Asia, was received at the foreign ministry of Turkmenistan to discuss key issues of international migration and prospects for multilateral cooperation.

Turkmenistan-UN relations

Turkmenistan-UN cooperation was also the main focus of interest of President Berdimuhamedov's visit to Switzerland. The Turkmen leader held a number of meetings with UN structural department heads: Sven Alkalaj, Executive Secretary of the UN Economic Commission for Europe, Kassym-Zhomart Tokayev, Director General of the UN Office and Antonio Guterres, UN High Commissioner for Refugees. One of the main issues on the agenda was the establishment of a national system for intellectual property protection and the development of effective partnership.

Other international events

Another important political event was the visit of a Chinese delegation to Turkmenistan. At his meeting

with President Berdimuhamedov, Politburo Standing Committee member and Secretary of the Central and Legislative Committee Zhou Yongkang discussed a number of cooperation-related issues concerning energy, construction and finance.

General William M. Fraser III, commander of the US armed forces transport department (USTRANSCOM), visited Ashgabat to discuss problems of peace and security in Central Asia.

President Berdimuhamedov received Ronald Nash, the co-chair of Turkmen-British Trade and Industry Council, to consider the expansion of cooperation in the field of trade, economy and investment, the energy sector, construction, sports and tourism.

UAE energy minister Mohammed Bin Daen Al Hamili stressed the growing interest of the emirate's business community in participating in Turkmen oil and gas projects.

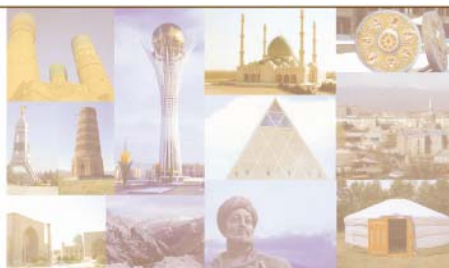
Turkmenistan continues to host international conferences and participate in international events. Ashgabat hosted the fourth international investment forum which was attended by over 400 delegates from 22 countries and a Turkmen delegation participated in the Global Energy Forum 2012 in Dubai (UAE).

Under the auspices of the joint EU, UNDP and UNHCR Office for Human Rights project, a group of Turkmen specialists visited Poland to exchange experiences with foreign organizations in the field of human rights protection. Another Turkmen delegation took part in the European Commission's first Eurasian economic business forum.

Turkmenistan-Russia cooperation

In a telephone conversation, the Turkmen and Russian presidents emphasized the importance of regular business meetings to develop effective partnerships between the two countries.

Governor of Astrakhan Oblast Alexander Zhilkin flew to Ashgabat to participate in the fourth international investment forum and was received by Turkmenistan's leader.



President Berdimuhamedov awarded the medal of Turkmenistan to Russian public figure Svetlana Medvedeva and to State Duma speaker Sergey Naryshkin.

A framework agreement on bilateral cooperation was signed by Naryshkin and *Mejlis* president Akja Nurberdyeva during their meeting in Ashgabat.

A meeting with another Russian delegation headed by consular service department director Andrei Karlov took place in the foreign ministry.

Internal affairs

In order to attract foreign investments in TAPI pipeline implementation, Turkmenistan with the assistance of the Asian Development Bank and countries interested in TAPI gas pipeline construction organized the world road show in Singapore, New York and London. The report on Turkmenistan's energy potential presented on this occasion covered technical parameters of the TAPI pipeline, and commercial aspects of contracts and agreements. Interest in joining the TAPI pipeline project was expressed by America's Chevron, Exxon Mobil, British BP, BG Group, German RWE and Malaysian Petronas.

CIS

The agenda of the international conference 'Oil and Gas of Turkmenistan' involved the representatives of ministries and major oil and gas companies from CIS member-countries and covered issues concerning the country's potential in the oil and gas sector as well as its energy strategy, with a view to increasing cooperation in exploring, extracting and processing hydrocarbon resources.

As part of its CIS presidency, Turkmenistan initiated several international events: the International scientific-practical conference on improving food security in CIS member-countries and the seventh forum of CIS creative and scientific intelligentsia. The Ashgabat forum participants also discussed aspects of cooperation between Turkmenistan and Russia in the field of the mass media.

Ashgabat hosted the meeting of Intergovernmental Council for CIS agricultural sector and the 57th conference of railway transport council of CIS members.

Economy and business enterprises

The Turkmen parliament approved the draft Law 'On State Budget of Turkmenistan for 2013'. State budget revenues will be generated by oil and gas, chemical, energy and construction industries. The funds allocated to education will increase by 15.7%, health care by 10.8% and culture 22.6% against last year's allocations.

Turkmenistan intends to expand cooperation at international level in terms of increasing oil and gas extraction. Since the beginning of 2012, oil refinery complexes have produced 4,878,700 tons of hydrocarbons and refined about 4.8 million tons of oil. The production of gasoline increased by 6.5%, kerosene 7.4% and diesel fuel 3.8% as compared with the previous year.

Dragon Oil Arab Company's investments in the development of the Turkmen shelf of the Caspian Sea amount to \$2.4 billion since 2000. In the period 2012-2015 the company intends to invest over \$1 billion in infrastructure facilities.

Executives of Buried Hill Energy, Oman and Canada joint venture company have presented a package of proposals to develop hydrocarbon deposits in the Turkmen sector of the Caspian Sea and train national oil and gas industry specialists.

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