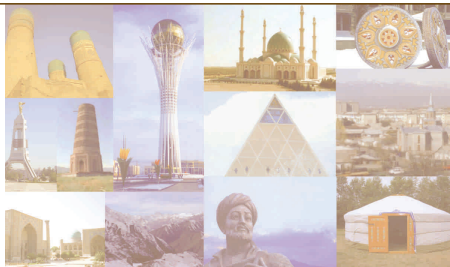




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CASA ASIA



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TURKMENISTAN

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Bimonthly article

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Highlights

United Nations General Secretary Ban Ki-moon arrived in Ashgabat for a meeting with the President of Turkmenistan, Gurbanguly Berdimukhamedov. It was his first visit to Turkmenistan. Ban Ki-moon appraised the President's continuing reforms and cooperation with international organizations. He expressed gratitude for the support provided to UN Preventive Diplomacy in Ashgabat and for humanitarian aid to Afghanistan. The UN General Secretary also expressed appreciation for the cooperation provided to the Human Rights Council in preparing a Periodic Review to assess the situation in member states.

The first International Gas Congress in Ashgabat was another important event in Turkmenistan, with 400 delegates from 150 companies and international organizations and 32 countries, including EU member states and the CIS countries, United States, Canada, Indonesia, Iran, Japan, UAE and Turkey attending. President Berdimukhamedov received representatives of different countries during the congress. Fuel and the country's energy industry were a key discussion topic.

Foreign and international affairs

Energy issues

The issue of the Nabucco gas pipeline remains on the agenda. In July 2009 Austria, Turkey, Romania, Bulgaria and Hungary signed an intergovernmental agreement concerning Nabucco. Construction of the 11bn euro 3,300-kilometer pipeline is planned for 2011. The initial capacity of Nabucco will be less than the capacity of 1,800-kilometer Turkmenistan – China gas pipeline, but Nabucco costs more. The implementation of this project hinges on a solution

being found to the problem of the high transit fees requested by Turkey, as well as questions concerning the demarcation of borders in the Caspian Sea.

These issues concern not only the definition of the sea borders, but also working out agreements for the water surface concerning fishing and navigation, as well as the demilitarization and monitoring of military vessel movements. The parties agreed to protect the environment and to conserve biological resources. Discussing these issues creates the conditions required to achieve consensus on the issue of demarcation.

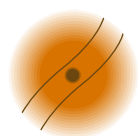
Turkmenistan attaches great importance to bilateral and multilateral cooperation in accordance with universally recognized principles and norms of international law against terrorism and organized crime.

Close relations with the EU

President Berdimukhamedov received the heads of the German companies RWE and EWC to discuss the progress of exploration and possible ways of delivering Turkmen gas to world markets. RWE obtained a license for the development of hydrocarbon deposits in the Turkmen sector of the Caspian Sea. The company is also negotiating with partners and financial institutions and plans to begin construction of the Nabucco pipeline in 2011, with the gas supply starting in 2014 or 2015.

In April, President Berdimukhamedov held numerous meetings with representatives of European countries. The priority theme centred on fuel and energy issues. The President met with representatives of France who handed him a letter from French President Nicolas Sarkozy. He had a meeting with Paolo Scaroni, the head of Italy's ENI. Mr. Scaroni

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emphasized the interest of business circles in Italy and European countries as a whole in establishing mutually beneficial cooperation.

The State Agency for Management and Use of Hydrocarbon Resources under President Berdimukhamedov and ENI signed a memorandum of understanding in Rome during the President's state visit to Italy. The company will conduct investigations aimed at increasing production, and also plans to open an employee training centre for workers in the national oil and gas industry. ENI is also participating in the South Stream project, a Russian-backed gas pipeline and rival of Nabucco. Mr. Scaroni recently commented about possible merger efforts between the two competing projects, in areas where their routes overlap, for example.

A European delegation led by Günther Oettinger, EU Energy Commissioner, arrived to participate in the International Gas Congress. The Commissioner noted that interest in Turkmenistan stems from the country's continuing stability, its high resources and economic potential, and its reputation as a reliable partner. In turn, Turkmenistan is ready to consider any proposals to expand export routes for Turkmen energy.

In April, President Berdimukhamedov received Prince Andrew in his capacity as the UK's Special Representative for International Trade and Investment. Pierre Morel, the EU's Special Representative for Central Asia and Georgia also visited Turkmenistan to meet with President Berdimukhamedov and discuss energy issues. He praised Turkmenistan's policy of economic diversification.

U.S. interests in Turkmenistan

The U.S. Special Envoy for energy issues Richard Morningstar arrived in Turkmenistan for talks with the President. He reported interest from American companies for future cooperation.

Turkmenistan-Russia relations

On 16 March, Russian Foreign Minister Sergey Lavrov visited Turkmenistan to discuss prospects for cooperation in trade and economic areas. Turkmenistan's foreign trade turnover is mostly connected to various sectors of the Russian economy. This year the fuel and energy sector, as well as electricity and engineering, are the priority areas for intensifying cooperation with Russian regions.

Chinese projects in Turkmenistan

On 30 April, President Berdimukhamedov arrived in China to meet with President Hu Jin Tao and participate in the opening of the Shanghai World Exhibition, Expo-2010. In April, one billion cubic meters of natural gas was delivered to China via the new Turkmenistan-China gas pipeline. China has also begun to develop a new project to build a high-speed railway through Central Asia. Beijing plans to connect the western part of China with Kazakhstan, Uzbekistan and Turkmenistan. The railway could later be extended to Europe.

Regional relations

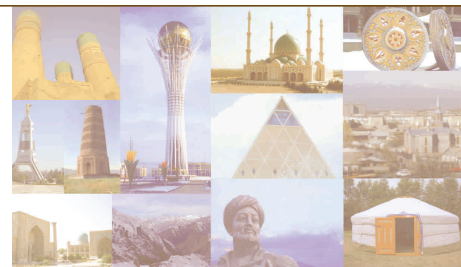
On 18 March, President Berdimukhamedov visited Tajikistan, where he signed six bilateral agreements between Turkmenistan and Tajikistan in economic and cultural spheres. Afghan issues were one of the key topics of the talks between the two countries.

Internal affairs of the country

Chronicle of internal events

At the meeting of the Cabinet of Ministers, President Berdimukhamedov suggested allowing the registration of opposition parties. To date the Democratic Party is the only party registered in Turkmenistan. The Turkmen government has also allowed the Roman Catholic Centre to register.

At a meeting with cultural and artistic workers, President Berdimukhamedov outlined a new programme to open art and music schools all over



the country and train people to organize and hold cultural events. The President ordered the creation of the new agency under the auspices of the Ministry of Culture and Broadcasting, to be responsible for video production, distribution of Turkmen films abroad and the purchase of classic foreign films.

Improving legislation

The Mejlis or national Parliament is preparing regulations to bring national legislation into line with international standards.

Turkmenistan signed the UN and Eurasia agreement to fight corruption and adopted internal laws to combat money laundering and terrorist financing. The U.S. Bureau for International Narcotics and Law Enforcement has conducted a large-scale workshop for officials from the State Service for Drugs.

Turkmenistan has also begun preparations to become a member of the Eurasian Group on combating the laundering of proceeds of crime through terrorist financing.

Economy and business enterprise

Since 1992 Turkmenistan has been a member and shareholder of the European Bank for Reconstruction and Development (EBRD). Recently the EBRD introduced a new strategy for Turkmenistan aimed at enhancing cooperation and financing in the private sector. It is to this end that the bank intends to consider ways of creating a model bank to service micro, small and medium enterprises to provide financial support on a commercial basis and to direct funding. In addition, the Bank plans to open a separate credit line for a number of banks of Turkmenistan to finance business projects without the state guarantee requirement. Also, the bank is ready to assist with professional staff training and participate in projects upgrading the regional transport infrastructure. Cooperation will be

continued within the programme for improving the legislative framework governing the activities of financial institutions.

Japan signed a loan agreement with Turkmenistan. Under this agreement the Japanese Bank for International Cooperation will provide funding for Kawasaki Plant Systems and Sojitz Corporation to construct an ammonia plant in Turkmenistan.

International projects

The United States is assisting Turkmenistan in all spheres, from strengthening border security and agricultural development, to health projects and opening Internet cafes.

This week, the U.S. Embassy, together with experts from the U.S. Office for Narcotics, launched its first two-week seminar for staff of the State Service for Drugs.

A major international conference was hosted in the Regional Centre for Preventive Diplomacy in Ashgabat. Officials from Central Asia, Afghanistan, the EU, Russia, Pakistan, Turkey and the United States, as well as general multilateral organizations took part in the workshop. The war effort in Afghanistan was one of the main issues on the agenda.

United States Customs and Border Protection held a seminar called "International detention of goods, illegally transported by air" under the auspices of the U.S. State programme on "Export control and border security."

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