

# **Is Turkmenistan a reliable partner for the European Union?**

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Relations between the European Union (EU) and Turkmenistan are focused on establishing an energy dialogue. Prior to the death of President Niyazov, Turkmenistan was the most isolated country in Central Asia. Ties between Brussels and Ashgabat were poor at best. The emergence of Berdymukhamedov as Niyazov's successor and his subsequent election to the presidency gave the EU a chance to move bilateral relations with Turkmenistan to a qualitatively new level. The initial rhetoric of the new president was promising. He appeared to identify some changes in foreign and economic policy, namely, a strengthening of the country's orientation towards the West. This encouraged Brussels to hope for new opportunities with Turkmenistan.

Today, the EU-Turkmenistan dialogue is marked by a pragmatic approach on the part of the EU. This differs from the basic principles of the EU Central Asian Strategy, whereby the promotion of democracy and the rule of law form the basis for more intense bilateral relations. However, a number of steps taken by the EU over the past year seem to indicate that in the case of Turkmenistan, the Union is placing bilateral relations ahead of its avowed commitment to values. The EU is seeking to develop more intense economic ties, which it hopes will provide the support for future public and social changes in the country.

The EU's position is largely influenced by energy issues. In the long and medium terms, Europe will pursue a policy designed to reduce Turkmenistan's dependence on Russia as the main fuel supplier of Turkmen gas for Europe. This is the reason why Turkmenistan – with its geographical position and energy potential – is given a specific role in EU plans for the region. This strategy towards Turkmenistan was perhaps most apparent at the Ashgabat energy conference held in April of this year, where the EU backed President Berdymukhamedov's ambitious plans for the diversification of energy export routes, including across the Caspian Sea to European markets.

Turkmenistan is widely regarded as one of the most authoritarian countries in the world and has a poor human rights record. Therefore, the EU must clearly identify opportunities for achieving political liberalisation and better respect for human rights in the country through greater commercial engagement before it embarks on its strategy. Brussels must specify how greater commercial engagement can actually bring about political changes in the country and a realistic timeframe for this process. Thus, before the European Union commits itself fully to building a business relationship with Turkmenistan, it should be able to answer the following questions:

1. Is it enough to concentrate on economic relations in order to strengthen Europe's influence on political and civic reforms in Turkmenistan?
2. Is Turkmenistan a potentially reliable and stable partner in EU energy policy?
3. What are the most efficient instruments to enhance stability and security in Central Asia in relation to politics, the energy sector and public policy?

### **Niyazov vs. Berdymukhamedov: a new opportunity for engagement?**

December 2006 saw a change of power in Turkmenistan with the death of the long-term ruler Saparmurat Niyazov. However, major questions remain as to whether the change in leadership has produced substantial changes in the ruling regime. In order to define the current prospects for cooperation with Turkmenistan, it is first necessary to analyse the main components of the new political order that has coalesced in the last two and a half years. The 'purge of ranks' undertaken by President Berdymukhamedov on 15 January 2009, according to insider information, was but the latest in a series of initiatives that has served to consolidate the absolute dominance of his officials.

The present document is based on our assessment of the system of rule formed by Berdymukhamedov. The logic of the newly established system is rather simple, a 'sultanistic rule' that harmonises with the mentality and low professional level of the government, beginning with the top figure. Almost everything that the international community is permitted to see is just the window-dressing, hiding the real or behind-the-scenes actions that are the actual driving forces of power.

The new team set up by Berdymukhamedov is configured around a similar logic of power to that of Niyazov. Simultaneously, a process of 'de-sacralisation' of Niyazov and the establishment of a new 'cult of personality' has been launched; this process has been accompanied by the emergence of a new mythology about the rule of Berdymukhamedov – the 'epoch of the rule of law and constitutional order'. Continuities from the Niyazov model of power can be seen in such basic aspects as personnel policy (the president's monopoly over the nomination of top officials), maximum authority and dominance by the regime, and in the models of governance and control that exist in the country.

Moreover, the pace at which Berdymukhamedov's cult of personality is being established is faster than that which occurred under Niyazov. This is due in large part to the

different starting positions of both leaders. Niyazov came to power in the early 1990s as president of the newly independent Turkmenistan. The political legacy of the Soviet era, notably the institutional legacy of the Communist Party, slowed the emergence of the cult of personality. Today, the situation is different, with the political order built around personal rule from the onset, which favours the unchecked and unopposed movement towards one-man rule based on a cult of personality.

In their personnel policies, both Niyazov and Berdymukhamedov seem to have relied on family and tribal connections from the very beginning. However, some top officials of the current 'new wave' may not necessarily come from the Akhal-teke tribe – generally identified as the dominant socio-political formation –, but they must be absolutely loyal to the narrow group of people who represent the current authority. When Berdymukhamedov came to power, he purged the top ranks of bureaucrats using the 'forced rotation' principle inherited from Niyazov. The most substantial 'purge of the ranks' took place at the enlarged cabinet meeting on 15 January 2009, where Berdymukhamedov removed more than a third of all ministers from their posts. Officials were dismissed for 'not having coped with the entrusted responsibilities' and for 'serious mistakes'.

In early 2009 Berdymukhamedov finally got rid of not only Niyazov's holdovers, but also those he had nominated himself in the first period of his rule under the pressure of influential officials from his executive office. The new president has thus consolidated his position carefully in a series of steps taken over the past 30 months.

In October 2007, Berdymukhamedov ordered his guard to gather and control all the personal files of 'special category' convicts (mainly, political prisoners). He ordered that access to them be denied to anyone without his personal consent. A special group was set up for this purpose within the president's guard.

Since then, the regime has not relaxed its control over the opposition forces, even though a few token figures have been put in place to try to promote a better internal image.

In March 2008, it was reported that at a closed sitting of the cabinet, the president explained his decision to dismiss and punish officers of the power structures for their attempts to loosen control over the population. In this sense, Berdymukhamedov

pointed out that it was necessary to preserve the same rigid regime of control over the country and never show weakness to the population.

Elections to the *Menjelis* (parliament) took place on 14 December 2008. All candidates were required to fill in a detailed form – ‘*Mglumat*’, which means ‘ancestral line’, and consists of a four-page document containing information about close and distant relatives. If a candidate had brothers or sisters who had been found guilty by a court, or distant relatives known for their opposition actions, he or she immediately lost the right to run for parliament.

The promotion of the new ‘Renaissance’ ideology under Berdymukhamedov did not start overnight. During the first months of his presidency, both the president and his team defined the guidelines of their strategy for strengthening the new and little-known president’s personal authority and international prestige. They understood that the best strategy was to start with measures to ‘devalue the cult of Turkmenbashi’ and to promote a ‘reform’ agenda. This ‘Programme of the Great Renaissance’ is now being implemented in Turkmenistan under the former ideologist of ‘Turkmenbashi’ (Niyazov), Rashid Meredov, foreign minister of Turkmenistan.

As under Niyazov, within the framework of the ‘Programme’, officials in the country are to prepare and conduct actions to advocate and promote the ‘Great Renaissance’ and Berdymukhamedov personally. They are warned most seriously that if they act ‘non-inventively or negligently’, they will be dismissed or even arrested.

In addition, contracts have been signed with foreign PR agencies for the promotion of a positive image of Berdymukhamedov. The first results of this campaign were the programme ‘A walk with the president through Ashgabat’ and ‘New Year Greetings’, both broadcasted on national television.

According to a source in the presidential executive office, cooperation with foreign governments did not have any impact on the general policy of pressure and control over the population. This general policy is based on total control through state security bodies and every possible glorification of the ‘Great Reformer – the President’. Turkmen authorities are also negotiating the purchase of equipment for strict control over the Internet and for training specialists in moral operations (special propaganda).

### **Energy as a possible political weapon**

In order to understand the priorities in Turkmenistan's foreign policy, it has to be underlined that Berdymuhamedov and his closest advisers are interested in any political and military cooperation only in one context, namely, whether cooperation can or cannot promote foreign investments in the exploration and exploitation of new gas fields. According to their calculations, the only thing that foreign actors would not accept would be a policy of bluffing concerning gas reserves and the prospect of energy exports.

The known and available reserves are insufficient to meet all of the obligations before foreign partners and to supply the population of the country with gas. Therefore, Berdymukhamedov and his team cannot afford to allow their foreign partners full-scale access to undertake exploration, as this would bring to light the shortage of gas reserves. This means that in the long-term, eventually Ashgabat authorities will have to employ 'pendulum tactics' and keep changing partners in order to maintain restricted access.

A good example of this tactic has been Turkmenistan's recent pronouncements with respect to the West and China. After the NATO summit in Bucharest in early April 2008, Berdymukhamedov reportedly said in private that he was sure that he would 'get from the US whatever he asks for'. Berdymukhamedov made it clear that he was as good as Niyazov in 'out acting' the West by promising them what NATO wanted (airspace, bases, amongst others) and in return he would get the financing for gas exploration, which would together be sufficient to counterbalance Russia.

As soon as he was elected, Berdymukhamedov seemed to move to develop closer economic and military contacts with China. However, his enthusiasm vanished when the Chinese refused to invest in the Turkmen oil and gas industry without a detailed auditors' report or exploration works conducted by Chinese specialists themselves. Already at the contract definition phase, Chinese specialists arrived in Ashgabat to start the audit, but at the last moment Berdymukhamedov refused to grant Beijing the right to conduct the exploration works and the Chinese abandoned their plans to invest in the Turkmen oil and gas sector.

At the same time, at the pre-negotiations stage, the president apparently ordered his officials to make every effort to persuade Chinese representatives that the investment was rational and sound. In order to get the archival materials and compile a 'persuasive'

auditors' report, a delegation was sent to Moscow in early 2007. However, the 'old Soviet era data' was not accepted by Beijing.

Berdymukhamedov has also so far failed to get investors' support to finance the Turkmen part of the Prikaspiyskii project (each member state is to provide the infrastructure by its own means), though Kazakh President Nazarbaev has acted as an intermediary. On 6 January 2009, the Turkmen side declared that the supply of Turkmen gas to China would be postponed. The 'sky-blue fuel' was to be supplied to China starting from early 2009; however, now it has been declared that export will start 'in the years to come'.

In early January 2009, Berdymukhamedov set a number of priority tasks for the CEOs of the fuel and energy complex, namely to increase the volume of natural gas extraction up to 75 bcm, to provide for its export in the amounts foreseen by the contracts signed, and to increase crude oil output to 10, 9 bln tonnes.

According to a high-ranking official in the Economy Ministry, the president understands that he is losing the gas game. Total corruption in the fuel and energy sector bars any substantial progress. The country's fuel and energy industry cannot cope with the challenge 'by itself', because it lacks specialists and its infrastructure is outdated.

Berdymukhamedov seems to be following former president Niyazov's tactics. He is not trying to understand the problem, sets unattainable goals for CEOs of the Turkmen Energy Company, and when they fail to fulfil them, he administers rebukes. The Turkmen energy sector is likely to fail to provide the volumes for extraction planned for 2009.

A number of insiders believe that the unclear situation with the Trans-Afghanistan pipeline project meets the interests of Ashgabat, because the country's proven gas reserves are not enough to meet all the gas supplies to international markets that Turkmenistan has committed to deliver. However, Ashgabat continues to pursue permanent negotiations with all interested actors in Russia, Europe, South Asia and China because of the competition this creates, which increases the marketability of the product and strengthens Turkmenistan's position as a serious actor in the international energy market.

In January 2008, despite the president's earlier pledge to make this information public, Turkmenistan failed to provide the results of the audit of the Gabriel-Uzynguiruk gas field (that also includes the Osman gas field) and those of gas reserves on the Caspian shore. The Turkmen had promised to provide the appropriate documents at a meeting with US and EU delegations in late December 2007 in Turkmenistan. In the course of the meeting, the guests did not get answers to their questions about the audit results, but were promised that all audit materials would be provided in early 2008. President Berdymukhamedov nominated a person to prepare these documents, but no real preparatory work seemed to start in December 2007 or January 2008. When foreign experts return to ask for previously promised information, the person in charge is likely to be simply dismissed and punished for not coping with the task.

In April 2008 Berdymukhamedov declared that the British firm Gaffney, Cline & Associates Ltd. (GCA) would conduct an independent audit of gas fields beginning with that of the Southern Yolotan-Osman field. All information about the work was classified. Though the internal audit has been conducted twice in recent years, its results have always been considered classified information and have never been quoted as fully documented findings. On 13 October 2008 at an enlarged session of the cabinet, however, GCA announced the official results for the first time. According to the auditors, gas deposits in the Southern Yolotan-Osman field vary between four and fourteen trillion cubic metres. Such results indicate that this field is the world's fourth or fifth largest gas field. However, these conclusions have raised doubts even among Turkmen specialists, who were sceptical not about the presence of gas, but about the scale of the actual reserves. It is worth recording that according to some Turkmen specialists, the Turkmen embassy in Moscow received the results of exploration works carried out by Soviet geologists in the 1970s, where the estimated reserves there were 3 tcm.

The energy question also has direct implications for Turkmenistan's relations with the European Union. The Turkmen leadership is aware of the fact that using possible future gas exports as a direct political weapon might also be a good concept for the country's pendulum foreign policy. The recently adopted trade agreement between Turkmenistan and the EU is a good example: Ashgabat made several diplomatic efforts to get the European Parliament's approval of the trade agreement, as it was the only EU body with serious doubts. In the past, EU parliamentarians urged Turkmenistan to fulfil several

human rights and democracy standards as a precondition for the European Parliament's positive vote on the trade agreement. While in 2008 the Nabucco project became a top priority for the EU's Ministerial Council and the Commission, both sides also urged the Parliament to ratify the agreement, mainly because Ashgabat sent signals to Brussels that it would not intensify its relations with the Union without a new legal basis for trade. Finally, the European Parliament ratified the trade agreement with Turkmenistan, but under the condition that the country's state budget, energy statistics and investments in the energy sector would be fully transparent and open for EU officials.

When this information reached the desk of the Turkmen president, he was more than surprised. The Turkmen administration was quite sure that the EU would again underline the importance of human rights and democracy, but not statistics and transparent numbers concerning its energy industry, which, in fact, since the times of Turkmenbashi were always handled as a state secret. President Berdymukhamedov therefore did not show any willingness to cooperate closer with the European Union on this issue. He gave a direct order to Foreign Minister Meredov in mid-June of this year to travel to Washington before the end of the month: 'We should forget the EU, they demand too much. Washington will not produce any troubles, they want to do business with us', he apparently said in a cabinet meeting. The order was given without previously informing the US State Department and the US Embassy in Turkmenistan, which provoked astonishment when the US Ambassador heard of Meredov's travel plans.

Indeed, those actions are again a significant signal of the workings of Turkmenistan's foreign policy. The European Union and the United States play an important role for the Turkmen government, but not because of a new multi-vectoral foreign policy like in Kazakhstan. So far, the West is only being used as a kind of puppet in the Turkmen policy towards Russia. If this new Turkmen foreign policy strategy were honest and serious, President Berdymukhamedov and his government would send other signals to Brussels. Therefore, this policy is only further proof of Turkmenistan's pendulum policy.

### **The Afghanistan drug link**

With regards to drug trafficking, President Berdymukhamedov senses danger coming from Afghan and local drug lords, with whom he did not have any direct contacts under Niyazov (unlike many other top ranking officials). Moreover, when Berdymukhamedov came to power, in order to strengthen his position he dismissed most of the officials

connected to drug smuggling and did not offer any 'exchange' to the drug lords. Berdymukhamedov is seeking alternative sources of funding instead of drug trafficking and wants to limit the influence of the narco-mafia. However, he has not signed any internal orders or decrees to this effect and so there is no clear indication that he is ready to implement the necessary measures in this area. The president's approach to the drugs issues can be gleaned from his concern about the presence of the Afghan mafia in Turkmenistan and worries about dependence on foreign political regimes, especially Iran, which is seeking to expand its influence in Turkmenistan.

According to unofficial data for October 2008, in Ashgabat alone about 20 thousand people are involved in drug trafficking. Drugs can be bought anywhere: at market places, discos, schools and universities. In rural areas, where living and educational standards are much lower, the problem is ever more acute. Drug dealers have developed a special strategy of making young people (especially girls) drug addicted, including those from well-to-do families.

Under Niyazov, drug trafficking formed a pyramid, with the heads of the Interior forces and of other security agencies at the top. After Niyazov, the changes in the international and internal situation required new approaches to drug trading. Nowadays, this business cannot be supported as openly as under Niyazov. With Berdymukhamedov's serious purges, some officials who had contacts with drug dealers were dismissed and even arrested by the authorities. Others – mostly medium level officials from the border guards, the police, the procurator's office and the security services –, if they came from the same tribe as Niyazov and Berdymukhamedov, were considered loyal and maintained their positions. This group formed the nucleus of the new arrangement – the Public Drug Control Service. However, today, the levers of control over the narco-business are gradually being seized by relatives and friends of the president. Small and badly organised groups of drug dealers are actively pushed out of dealing, and routes and flows are being redistributed. Moreover, sources indicate that consumption of Afghan heroin has been reduced by a rise in 'light' drugs, namely, cannabis and "*nasvaem*" (a local vegetable-based drug that is chewed).

At the end of May 2008, Turkmen secret services were informed that the Iranian authorities were planning measures to bar the drug trade via Turkmenistan. Amongst other things, the Iranians planned to infiltrate agents within the Turkmen drug dealers'

community. This rumour caused serious concern to the Republic's leadership, which decided to try to prevent these actions. Ashgabat has most likely made it clear to Teheran on the diplomatic level that activity by Iranian agents on Turkmen territory is inadmissible. Of course, the main concern is that 'aliens' would gain access to information about the structure of the upper layers of the local narco-business and their connections to Turkmen officials.

### **The social crisis**

Turkmen authorities have made very few serious attempts to solve the country's main social problems. There is no official plan in this regard and the issue is not discussed at cabinet meetings. Even bearing in mind the forbearance and patience of the Turkmen people, this attitude enhances the problem, which can be described as a 'delayed social time bomb planted by Niyazov'.

In December 2007, the Turkmen government adopted 'The Programme for the Transformation of Social and Living Standards of the Population of Cities, Towns, Settlements and Etrap Centres up to 2020'. The programme presupposes the 'timely and high quality contribution to the improvement of the people's wellbeing'. However, no federal funds were allocated to its implementation and it is obvious to everybody in Ashgabat that, in fact, local budgets do not allow for such allocations. From February 2008 figures, when targeted monitoring was conducted, more than 60 percent of inhabited areas in Turkmenistan did not have a connection to gas pipelines, and those that were connected did not receive gas for more than four hours a day. Despite the official pledge of providing the population with heavily subsidised utilities, gas prices increased 25 percent per year and water prices more than doubled. In February 2008, public arrears for pension payments in, for example, the regional centre of Tashauz, were at a figure of 6 months on average.

At the same time, the government found it possible to pay \$ 270 million for the construction of a hotel in Ashgabat, and to finance the construction of administrative buildings, residences and mosques in Mary, in Tashauz and Turkmenbad.

However, Berdymukhamedov still managed to provide minimum food supplies to the population. In the future, the food situation is likely to depend upon neighbouring countries (Kazakhstan, Russia, Uzbekistan and Iran). These countries play an essential role in supplying wheat, dairy products, meat and other necessary foodstuffs to

Turkmenistan. To prevent any information leak about food problems, the Ministry of National Security strictly controls all media materials devoted to the subject.

The social problems identified above were serious even when Turkmenistan enjoyed high prices for the export of its hydrocarbon resources. While the economy of the country, as a whole, has been protected from the worldwide financial slowdown due to its lack of integration into the global economy, decreasing export incomes are likely to have a serious impact on the social situation during the course of 2009.

### **Conclusions and recommendations**

A close analysis of the current political, social and economic situation in Turkmenistan raises serious questions about the EU strategy towards the county. Firstly, the EU assumption that greater commercial engagement will promote subsequent political and social reforms is at best a gamble. There is no clear mechanism and no practical plan on how greater engagement will bring about effective change. The logic of absolute rule by the regime in Turkmenistan will not be subverted by greater European investment in energy. Rather, such engagement is likely to strengthen the current leadership in its 'pendulum policy'. It will give Ashgabat more options to switch loyalty between Russia, China, Iran and the EU.

Secondly, a rapprochement with Ashgabat would bring no direct benefits to the EU in terms of energy security, because there are no reliable means to manage the supplies of gas and to ensure protection of investments other than keeping the good favour of the president. In addition, there are no obvious mechanisms for the enforcement of contracts or for holding Ashkhabad to its commitments. Also, there are doubts as to whether Ashgabat actually has the gas reserves that it claims. The EU risks being drawn into a prolonged game of evasion over a final gas exploration and export contract that will primarily serve to consolidate the new order of Berdymukhamedov, but which ultimately will not bring Turkmen gas to Europe.

Despite the new spirit of 'reform', the regime in fact remains as brittle as that of Niyazov, as it is built on a combination of the security services and the ability to redistribute energy rents to key elite groups.

Against this background, several recommendations follow:

- The EU should bear in mind the ‘pendulum law’ and not hurry to build hasty links with Ashgabat, because eventually Turkmenistan is likely to swing toward other partners, moving away from Europe. It is better to stand at a certain distance and encourage Ashgabat to seek contacts with Europe that are substantial and which will not be affected by times of temporary rapprochement with other actors. The fears of the EU that Ashgabat may otherwise ‘throw itself into Chinese arms’ (or Iranian or Russian, etc.) are not grounded. A close analysis of the ‘cycles of oscillation’ of the Turkmen pendulum of external relations, so as to select the most appropriate timing for a rapprochement that would be in the interest of the EU, could be a first effective step. A useful initiative would be to establish a working group on Turkmenistan and to strengthen links with specialists to enhance the gathering and processing of information and analyses.
- In order to promote progress in integrating Ashgabat more effectively into the international system, it would make sense to use an intermediary that does not pose any threat to Ashgabat, but that Turkmenistan depends on. Today, Kazakhstan can objectively play this role, especially bearing in mind its 2010 chairmanship of the OSCE. Ashgabat depends to a great extent on Kazakhstan. For several years, Astana has been helping Ashgabat with supplies during food crises, a situation that is highly likely to reoccur in the future. President Nazarbayev has already promised to assist Berdymukhamedov in identifying foreign investors for geological exploration and gas production. Astana is experienced in multi-vector policies and claims the regional leader status in this field. Among all the countries of the region, Kazakhstan offers the best possibilities to communicate with Europe. The EU can use the Astana programme ‘Path to Europe’ as a basis for this dialogue.
- There is a separate potential field of cooperation with Ashgabat – namely, control of the drug trade. The new Turkmen president fears local and Afghan drug lords. Berdymukhamedov could accept substantial cooperation if the international community indicates that it will not labour the point of relations between top ranking officials and drug lords. In this case, the international community should not concentrate its efforts on technical and informational support, but rather seek to promote at least a small group of the ‘new Turkmen’ officials who could work with international experts directly ‘on behalf of

Berdymukhamedov' to challenge drug trafficking. The president must be given a signal that he can rely upon these people in his internal struggle with the elites supported by drug lords, and that he can expect EU support in traffic control through this circle. This may promote an efficient mechanism of communication with the presidential team. Concerning drug trafficking from Afghanistan via Turkmenistan, objectively Kazakhstan appears to be the main potential ally of Europe (and Russia), given the country's long, practically open border with Turkmenistan, and its keenness to fight drug trafficking.

- Turkmenistan is a special case. Not only are there few reliable open sources of information, but also several systems of myth creation (developed under Niyazov), in other words, of presenting invented data as official facts. An official Turkmen myth is that the population enjoys high living standards, though under a relatively rigid regime, as a result of receiving free gas and water. Organising a directed, intensive information programme to cover the situation in Turkmenistan and the EU policy in Central Asia would be an effective approach for the European Union to counter misinformation and promote its role in the region. This could consist of targeted broadcasts that might be directly connected with the aforementioned information and analytical group under the EU, rather than with the opposition or other Turkmen groups. In addition, EU institutions should work with target groups of ethnic Turkmen who temporarily have access to mass media beyond state boundaries (students, shuttle traders, migrants).