Turkmenistan: Recent Developments and U.S. Interests

Jim Nichol
Specialist in Russian and Eurasian Affairs

August 13, 2010
Summary

This report examines the political, economic, and foreign policies undertaken by Turkmenistan’s President Gurbanguly Berdymuhamedow, who came to power in late 2006. The report discusses U.S. policy and assistance and provides basic facts and biographical information. Related products include CRS Report RL33458, Central Asia: Regional Developments and Implications for U.S. Interests.
Contents

U.S. Policy.................................................................................................................... 1
Contributions to Counter-Terrorism................................................................. 3
Foreign Policy and Defense................................................................. 3
Political Developments ................................................................. 4
Economic Developments................................................................. 6
    Energy .............................................................................................. 7

Figures

Figure 1. Map of Turkmenistan ................................................................. 1

Contacts

Author Contact Information ........................................................................... 9
U.S. Policy

According to the Obama Administration, “Assistance and cooperation from the United States are needed to help Turkmenistan continue to move forward, rather than freeze its transition at a place where the rights of its citizens are severely restricted. Life expectancy, health, and education statistics in Turkmenistan are among the worst in the former Soviet region. Even with its significant resources, Turkmenistan remains a challenging environment, and reform will require time and significant effort to take hold.” The Administration states that it hopes to encourage democratic reforms that will increase the rights of Turkmenistan’s citizens as well as strengthen the sovereignty and stability of the country. Acute challenges continue to confront Turkmenistan, including border security issues, a potential rise of radical violent Islam, failed educational and healthcare systems, and a legacy of Soviet repression. The United States will use assistance funds to help Turkmenistan meet international human rights standards, facilitate citizen involvement in governmental decision-making, promote private sector growth, and improve government delivery of health, education, and law enforcement services. In addition, the United States will continue to support Turkmenistan’s efforts to develop the oil and gas extraction industry and increase export options.¹

Cumulative U.S. aid budgeted for Turkmenistan in FY1992-FY2008 was $298.5 million (FREEDOM Support Act and other agency funding), most involving food aid and training and exchanges. Turkmenistan’s lack of progress in economic and political reforms under its late president was cited by successive Administrations as a reason why only limited U.S. aid was provided (compared with other Central Asian states). Budgeted aid for FY2009 was $8.85 million, estimated aid for FY2010 was $16.35 million, and the Administration requested $13.325 million for FY2011 (FREEDOM Support Act and other Function 150 foreign aid, excluding Defense and Energy Department funds).

During his July 2009 visit to Turkmenistan, Under Secretary of State William Burns stated that his meetings with President Gurbanguly Berdimuhamedow and other officials and civil society representatives were “a reflection of the high priority that President Obama attaches to our relationship.” He announced that a bilateral commission would be formed to “make progress in economic cooperation, in energy cooperation, and working together against the spread of narcotics and terrorism, in contribut[ing] to stability in Afghanistan and across the region, and also in [discussing] issues related to civil society, education, cultural exchanges and human rights.”

The first U.S.-Turkmenistan Annual Bilateral Consultations were held in Ashkhabad in June 2010. Hailing the beginning of the annual meetings, Assistant Secretary of State Robert Blake stated that they “represent a new beginning to the relationship between the United States and Turkmenistan. We believe that today marks a new chapter in initiating an important dialog on all aspects of the bilateral relationship.” He stressed that “the United States is committed to working with Turkmenistan in the development of strong, prosperous ties between our two countries and to developing Turkmenistan into an independent country that is founded on the rule of law. We hope to do this within the context of a constructive relationship based on the principles of mutual respect and mutual trust.” He later reported that the talks had included our common concerns about stability in Afghanistan and what we both can do to contribute to progress in that important country. We also talked about opportunities for further cooperation in the economic and energy sectors, including efforts to expand U.S. trade and investment and efforts to assist Turkmenistan with economic development and diversification…. we also talked about joint efforts to combat the spread of terrorism and narcotics. We talked about cooperation in humanitarian affairs, including educational and cultural matters, as well as a good discussion on human rights issues. An important dimension of our visit was the opportunity to meet with civil society leaders.

---


Contributions to Counter-Terrorism

Immediately after the terrorist attacks on the United States on September 11, 2001, the Turkmen foreign ministry stated that Turkmenistan’s policy of neutrality and its friendship with the Taliban precluded cooperation in a U.S.-led military campaign. After Russia’s then-President Vladimir Putin acceded to an expanded U.S. military presence in Central Asia, however, former Turkmen President Saparmurad Niyazov on September 24, 2001, gave his consent for ground transport and overflights to deliver humanitarian aid to support U.S.-led anti-terrorism efforts in Afghanistan because “evil must be punished.” Turkmenistan also permitted refueling privileges for humanitarian flights and reportedly sold and transported jet fuel by rail to Afghanistan. Land transport reportedly was ramped down or ended in recent years.4 In February 2009, President Berdimuhamedow agreed in principle that the country would again facilitate the land transit of humanitarian cargoes to Afghanistan. There have been reports that authorities have blocked or hampered some NATO overflights to Afghanistan. In late August 2009, Turkmenistan and Azerbaijan reportedly refused permission for German Airborne Warning and Control System (AWAC) aircraft to transit to Afghanistan.

Foreign Policy and Defense

Turkmenistan’s “neutral” foreign policy is enshrined in its constitution, and the U.N. General Assembly in 1995 recognized Turkmenistan’s neutrality. Berdimuhamedow has eschewed joining political or military alliances and has pursued good relations with both East and West. Turkmenistan has pursued close ties with both Iran and Turkey. In addition to trade ties with Iran, Turkmenistan is also interested in cultural ties with the approximately 1.3 million Turkmen residing in Iran. Turkmenistan has cooperated with Russia in some areas while seemingly resisting other Russian influence. In 1992, the two states signed a Friendship and Cooperation Treaty containing security provisions. Although Turkmenistan joined the post-Soviet

---

Commonwealth of Independent States (CIS), it did not sign the Collective Security Treaty and refused to sign other CIS agreements viewed as violating its sovereignty and neutrality. Relations with Uzbekistan and Azerbaijan have been tense but have improved somewhat during Berdimuhamedow’s leadership. Turkmenistan and Uzbekistan have vied for regional influence and argued over water sharing. Azerbaijan and Turkmenistan have rival claims to some Caspian Sea oil and gas fields.

Turkmenistan’s armed forces number about 22,000, including 18,500 ground, 3,000 air, and about 500 naval/coast guard forces. Other forces include police and security troops, a presidential guard, and border troops. In late 1999, Russia’s 1,000 border troops in Turkmenistan pulled out at Turkmenistan’s request (some “special border troops” reportedly remain), and by 2002, Turkmenistan had replaced its officer corps with ethnic Turkmen. In 1994, Turkmenistan became the first Central Asian state to join NATO’s Partnership for Peace (PFP). Turkmen officers have participated in or observed several PFP exercises. In January 2009, a new defense doctrine was released that calls for Turkmenistan to be able to provide for its own national security. Turkmenistan reportedly is actively purchasing military equipment in accordance with the new doctrine. In August 2009, President Berdimuhamedow decreed that the navy/coast guard base of Turkmenbasy would be upgraded and coastal radars and ships would be purchased “to fight effectively against smugglers, terrorists and any other forces who try to illegally use our state sea border or create an unstable situation.”

Political Developments

During Berdimuhamedow rule, Turkmenistan has continued to be the most authoritarian of the Central Asian states, according to the State Department. Turkmenistan’s May 1992 constitution set up a “secular democracy” and granted the president overwhelming powers to rule by decree. The constitution includes an impressive list of individual rights, but emphasizes that the exercise of rights must not violate public order or damage national security. It created a 2,500-member People’s Council ([Halk Maslahaty](#) or HM) with mixed executive and legislative powers, consisting of the president, ministers, the 50 legislators of the Supreme Council ([Mejlis](#)), “people’s representatives,” and others. The HM has served as an occasional forum and rubber stamp for the president’s policy initiatives. The Mejlis routinely has supported presidential decrees and has little legislative initiative. All judges are appointed by the president without legislative review. In December 1999, members of the HM and Niyazov’s National Revival Movement (a civic group) met in a joint session to approve changes to the constitution, including naming Niyazov president for life. In August 2003, the HM approved constitutional changes making it the supreme legislative and executive body and greatly expanding its size. Niyazov explained that it would be harder for coup plotters to take over such a large body.

Exile groups opposed to the regime have included those formed by former officials who have fled the country. Such groups include the United Democratic Opposition, headed by former Foreign Minister Awdy Kulyyew (Kuliyev); the Watan Social-Political Movement, headed by former Deputy Chairman of the Central Bank Annadurdy Hajyyew (Khadzhiyev); the Republican Party, headed by former Ambassador to Turkey Nurmuhammet Hanamow (Khanamov); and the Fatherland movement, founded by former Prime Minister Hudayberdi Orazow (Orazov). The

---

latter three leaders received life sentences in absentia on charges of instigating the 2002 coup attempt. Another alleged coup plotter, former Foreign Minister Boris Orazowic Syhmyradow (Shikhmuradov), supposedly remains imprisoned.

President Niyazov died on December 21, 2006, at age 66, ostensibly from a heart attack. The morning of his death, the government announced that Berdimuhamedow, then the deputy prime minister and health minister, would serve as acting president. The HM convened on December 26 and changed the constitution to legitimize Berdimuhamedow’s position as acting president. It quickly approved an electoral law and announced that the next presidential election would be held on February 11, 2007. The HM designated six candidates for the presidential election, one from each region, all of whom were government officials. Exiled politicians were banned from participation. Reportedly, nearly 99% of 2.6 million voters turned out, and 89.23% endorsed acting President Berdimuhamedow.

An OSCE needs assessment mission visited during the campaign. It praised some provisions of a new presidential election law, such as those permitting multiple candidacies and access by electoral observers, but criticized others, including those permitting only citizens approved by the legislature and who had served as state officials to run. A small OSCE delegation on election day reportedly was not allowed to view vote-counting. According to the U.S. State Department, the election “represent[ed] a modest step toward political electoral change that could help create the conditions in the future for free, fair, open and truly competitive elections.”

In his inaugural address on February 14, 2007, Berdimuhamedow pledged to continue to provide free natural gas, salt, water, and electricity and subsidized bread, gasoline, and housing to the populace, and to uphold the foreign policy of the previous government. Berdimuhamedow was acclaimed head of the HM in late March 2007, thus assuming all the top posts held by the late Niyazov. Berdimuhamedow has removed some of Niyazov’s statues from Ashkhabad and other symbols of Niyazov’s cult of personality, but Niyazov’s spiritual guide, the *Ruhnama*, remains required reading in the schools. Berdimuhamedow appears to be the subject of an emerging cult of personality, which includes a monument built in part to glorify his proclamation of a “new revival era” for Turkmenistan.

A constitutional commission unveiled a draft constitution in July 2008 that after public debate was approved by the HM on September 26, 2008. The new constitution abolished the HM and divided its powers between the *Mejlis* and the president. It enlarged the *Mejlis* from 65 to 125 members. An early legislative election was held on December 14, 2008. An OSCE pre-election needs assessment mission stated that “a lack of distinction between civil society organizations, the party, and the State,” had resulted in only government-approved candidates running for seats, so that a democratic election was not possible. At least two approved candidates ran in each district, but campaigning was muted and noncontroversial. The Turkmen Central Electoral Commission reported that almost 94% of the electorate voted on December 14, but some observers reported a light turnout. President Berdimuhamedow hailed the election as advancing Turkmen democracy.

---

In February 2010, Berdimuhamedow called for the creation of a multi-party system, and in April 2010 he ordered the legislature to consider a law creating such a system. In the meantime, he ended the monopoly of the ruling Democratic Party by approving the registration of a new Farmers’ Party. This new party, however, appeared to be a creation of the government.  

According to the State Department’s *Country Reports on Human Rights Practices for 2009*, “although there were modest improvements in some areas, the [Turkmen] government continued to commit serious abuses, and its human rights record remained poor.” The State Department reported that there was evidence that citizens continued to be subject to arbitrary arrest, tortured, held incommunicado for prolonged periods in violation of law, and denied due process and a fair trial. It also reported that there continued to be

arbitrary interference with privacy, home, and correspondence; restrictions on freedom of speech, press, assembly, and association; restrictions on religious freedom, including continued harassment of religious minority group members; restrictions on freedom of movement for some citizens, including increased restrictions on those intending to study abroad; violence against women; and restrictions on free association of workers.”  

**Economic Developments**

According to the Economist Intelligence Unit, Turkmenistan’s GDP declined 6% in 2009 because of the global economic downturn and a contract dispute with Russia that largely halted gas shipments to Russia for most of 2009. Consumer price inflation was 10%.  

Turkmenistan was among the world’s top cotton producers, but in recent years poor harvests have greatly reduced export earnings. About one-half of the employed population works in agriculture. State ownership continues in the oil and gas industry, electrical power generation, and the textile, construction, transport, and communications sectors. These sectors account for about 75% of GDP. According to the World Bank, Turkmenistan’s underlying fiscal position has weakened over the years as public sector deficits have ballooned (including subsidies for consumer goods and industry and agriculture). About one-third of the population lives in poverty, and about 60% are unemployed (leaving an employed labor force of less than 1.3 million), although a few necessities of life are provided free or at low cost. Some observers allege that government corruption is exacerbated by official involvement in drug trafficking.

In the face of the global economic downturn, in October 2008 President Berdimuhamedow decreed the establishment of a stabilization fund. Turkmenistan introduced a re-denominated currency, the new *manat*, in January 2009. The decline of the Turkmen economy in 2009, including the fall-off in gas sales to Russia, necessitated transfers from the stabilization fund to support the budget. In May 2010, Berdimuhamedow unveiled a National Socio-Economic...
Turkmenistan: Recent Developments and U.S. Interests

Development Program for 2011-2030 that aims to diversify the economy away from reliance on raw materials exports, including by developing textiles and other industries, as well as liquefied natural gas (LNG). He has launched a large-scale building program to turn Ashkhabad into one of the most beautiful cities of the world where the most favorable conditions for life and constructive activity of Turkmen citizens are created. The comprehensive concept for development of the Turkmen capital stipulated that construction of comfortable apartment houses will be continued, reliable power supply system will be built, advanced communications technologies will be adopted and motor highways will be built.\(^\text{13}\)

Turkmenistan continues to construct a massive lake that it claims will recycle irrigation water and ameliorate the regional climate, but which critics condemn as likely to siphon water from the Amu Darya River and to become concentrated with salts and pesticides.

Energy

The U.S. Department of Energy in early 2008 reported estimates of 600 million barrels of proven oil reserves and 100 trillion cubic feet (tcf) of proven natural gas reserves in Turkmenistan (which is less than 1% of the proven world oil reserves and less than 4% of the proven gas reserves in the Persian Gulf). In the late 1980s, Turkmenistan was the world’s fourth-largest natural gas producer. It was long largely dependent on Russian export routes, and gas and oil production were held back by aging infrastructure, inadequate investment, and poor management. In 1993, Russia halted Turkmen gas exports to Western markets through its pipelines, diverting Turkmen gas to other Eurasian states that had trouble paying for the gas. In 1997, Russia cut off these shipments because of transit fee arrears and as leverage to obtain Turkmenistan’s agreement to terms offered by Russia’s state-owned gas firm Gazprom.

The late President Niyazov signed a 25-year accord with then-President Putin in 2003 on supplying Russia up to 211.9 billion cubic feet (bcf) of gas in 2004 (about 12% of production at that time), rising up to 2.83 trillion cubic feet (tcf) in 2009-2028 (perhaps amounting to the bulk of production). Turkmenistan halted gas shipments to Russia at the end of 2004 in an attempt to get a higher gas price but settled for all-cash rather than partial barter payments. Turkmenistan and Russia continued to clash in subsequent years over gas prices and finally agreed in late 2007 that gas prices based on “market principles” would be established in 2009. Turkmenistan, Kazakhstan, and Russia signed accords in May and December 2007 on building a new gas pipeline that was planned to carry 353 bcf of Turkmen and 353 bcf of Kazakh gas to Russia. However, the Turkmen government appeared to have reservations about building another pipeline to Russia.

Seeking alternatives to pipeline routes through Russia, in December 1997 Turkmenistan opened the first pipeline from Central Asia to the outside world beyond Russia, a 125-mile gas pipeline linkage to Iran. Turkmenistan provided 282.5 bcf of gas to Iran in 2006 and reportedly a larger amount in 2007. At the end of 2007, however, Turkmenistan suddenly suspended gas shipments, causing hardship in northern Iran. Turkmen demands for higher payments were the main reason for the cut-off. Gas shipments resumed in late April 2008 after Iran agreed to a price boost. In

\(^\text{13 CEDR, August 13, 2010, Doc. No. CEP-964017.}\)
mid-2009, Turkmenistan reportedly agreed to increase gas supplies to up to 706 bcf per year.\textsuperscript{14} At the end of 2009, a second gas pipeline to Iran was completed—from a field that until April 2009 had supplied gas to Russia (see below)—to more than double Turkmenistan’s export capacity to Iran.

As another alternative to pipelines through Russia, in April 2006, Turkmenistan and China signed a framework agreement calling for Chinese investment in developing gas fields in Turkmenistan and in building a gas pipeline with a capacity of about 1.0 tcf per year through Uzbekistan and Kazakhstan to China. All three Central Asian states plan to send gas through this pipeline to China. Construction of the pipeline began in August 2007 and gas began to be delivered through the pipeline to Xinjiang and beyond in December 2009.

Perhaps in an additional attempt to diversify gas export routes, Berdimuhamedow first signaled in 2007 that Turkmenistan was interested in building a trans-Caspian gas pipeline. Turkmenistan signed a memorandum of understanding in April 2008 with the EU to supply 353.1 bcf of gas per year starting in 2009, presumably through a trans-Caspian pipeline that might at first link to the SCP and later to the proposed Nabucco pipeline. Berdimuhamedow also revived Niyazov’s proposal to build a gas pipeline through Afghanistan to Pakistan and India, but investment remains elusive.

On the night of April 8-9, 2009, a section of a gas pipeline from Turkmenistan to Russia exploded, halting Turkmen gas shipments. Russia claimed that it had notified Turkmenistan that it was reducing its gas imports because European demand for gas had declined, but Turkmenistan denied that it had been properly informed.\textsuperscript{15} After extended talks, visiting President Medvedev and President Berdimuhamedow agreed on December 22, 2009, that Turkmen gas exports to Russia would be resumed, and that the existing supply contract would be altered to reduce Turkmen gas exports to up to 1 tcf per year and to increase the price paid for the gas. Turkmenistan announced on January 9, 2010, that its gas exports to Russia had resumed. The incident appeared to further validate Turkmenistan’s policy of diversifying its gas export routes. Russia’s Gazprom gas firm plans to purchase only 353 bcf of Turkmen gas in 2010.

At a late April 2009 Turkmen energy conference, U.S. Deputy Assistant Secretary of State George Krol reportedly stressed that Turkmenistan and other states should continue to diversify their energy export routes.\textsuperscript{16} Turkmen President Berdimuhamedow pledged to continue such diversification. At an EU energy summit in Prague in early May 2009, U.S. Special Envoy for Eurasian Energy Richard Morningstar endorsed further development of the “southern corridor” for the shipment of gas and oil to Western markets. However, Kazakhstan, Turkmenistan, and Uzbekistan balked at signing a communique pledging the states to back the Nabucco pipeline. Despite this move, Berdimuhamedow asserted on July 10, 2009, that there are “immense volumes of natural gas in Turkmenistan [that] make it possible for us to carry out certain work related to the implementation of various [gas export] projects, including the Nabucco project.”\textsuperscript{17}

\textsuperscript{17} CEDR, July 11, 2009, Doc. No. CEP-950124.
September 2009, he further suggested that Turkmenistan could provide even more gas than previously mentioned in 2008 for Nabucco—1.1 tcf per year—because an audit indicated that the South Yoloten-Osman and Yaslar offshore gas fields held vast reserves.\(^{18}\) Russia and Iran remain opposed to trans-Caspian pipelines, ostensibly on the grounds that they could pose environmental hazards to the littoral states. In May 2010, Morningstar suggested that “some might question whether gas exports from Turkmenistan to China come at the expense of Nabucco or other Southern Corridor projects meant to supply Europe.… It is not yet clear where Turkmen gas for European energy projects might come from, but given the economics, they are much more likely to be supplied with gas from Turkmenistan’s offshore blocks.”\(^{19}\)

**Author Contact Information**

Jim Nichol  
Specialist in Russian and Eurasian Affairs  
jnichol@crs.loc.gov, 7-2289

---

\(^{18}\) The latest estimate based on drilling control wells indicates reserves of 16 tcf in the South Yoloten-Osman field. Trend News, May 12, 2010.