Turkmenistan: Recent Developments and U.S. Interests

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Summary

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

According to the Obama Administration, Turkmenistan’s new government “has demonstrated its commitment to an overall positive trajectory of reform” in internal security, education, foreign policy, and economic policy. U.S. assistance aims to help Turkmenistan navigate such challenges as “a surging illegal drug trade, a potential rise of radical violent Islam, monetary instability, and a legacy of Soviet repression.”

Cumulative U.S. aid budgeted for Turkmenistan in FY1992-FY2007 was $285.6 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 FY2008 was $7.2 million, estimated aid for FY2009 was $8.9 million, and the Administration requested $16.65 million for FY2010 (FREEDOM Support Act and other Function 150 foreign aid, excluding Defense and Energy Department funds).

The Administration states that “the request for FY2010 is a significant increase over previous years,” and will focus on supporting stabilization operations and security sector reform, economic growth, and civil society development. In the area of stabilization operations and security sector reform, the Administration expects to boost training for Turkmen officers in U.S. military

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institutions and to provide more equipment to enhance border security and counter-narcotics efforts. In the area of civil society, the Administration plans to “continue to test the waters” by providing support for “culturally-accepted” NGO activities, such as HIV awareness and advocacy for disabled persons and agricultural workers. In the area of economic growth, the Administration plans to continue and bolster an array of programs now permitted by the new government, including advice to the government on financial sector reform, trade policy, and business development; support for establishing a transparent export market for excess electricity that can be sold to Afghanistan and other countries; and training in new agricultural techniques, marketing, and water usage.²

During his July 2009 visit to Turkmenistan, Undersecretary 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 contributing to stability in Afghanistan and across the region, and also in discussing issues related to civil society, education, cultural exchanges and human rights.”³

² Congressional Budget Justification for Foreign Operations, FY2010.
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 Saparamurad 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. 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 one 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

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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 and Economic Developments**

During Berdimuhamedow’s 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” 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 fifty 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,  

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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 make legitimate 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 a 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 being 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

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observers reported a light turnout. President Berdimuhamedow hailed the election as advancing Turkmen democracy.9

According to the State Department’s *Country Reports on Human Rights Practices for 2008*, the Turkmen government continued to commit serious abuses, and its human rights record remained poor. Some modest improvements in human rights during the year included the reinstatement of graduate and postgraduate education for 80 students, the de-emphasis of former President Niyazov’s *Ruhnama* (*Book of the Soul*, a quasi-spiritual guide) and the registration of one independent non-governmental organization (NGO), the Ak Bugday Gardener’s Association.10

The security services continued to carry out arbitrary arrests and detentions, including incarceration in psychiatric hospitals. They tortured, routinely beat, and used excessive force against criminal suspects, prisoners, and individuals critical of the government in order to obtain confessions. Hundreds of political prisoners allegedly remained imprisoned. The judiciary was widely reputed to be corrupt and inefficient. Some politically sensitive trials were closed to the public. There were few defense lawyers and no trial by jury. The courts at times did not allow defendants to question witnesses against them and in most cases ignored allegations by defendants that they were tortured. Security personnel were unchecked in tapping telephones, opening mail, and using other means to monitor citizens and foreigners. Some journalists and their families reportedly were detained, harassed, and intimidated. The government controlled radio and television, but many citizens used satellite dishes to gain access to foreign programming. The government owned all publishing companies and prohibited citizens from subscribing to foreign print media. There was some progress in extending dial-up Internet service to the population, although police permission was necessary for hookup and surfing was monitored by the government. A Russian cellular telephone company provided mobile Internet service that was available to many citizens.11

The government closely controlled and monitored all religious activities. The government-appointed Council on Religious Affairs (CRA) exercised direct control over the hiring and firing of Islamic and Russian Orthodox clergy and the publication of religious materials. Some minority religious groups reportedly experienced police harassment, disruption of meetings, surveillance, detentions, and administrative fines.12 The U.S. Commission on International Religious Freedom (USCIRF) recommended in its 2009 annual report—as it had since 2000—that the Secretary of State designate Turkmenistan a “country of particular concern” (CPC), where severe human rights violations could lead to U.S. sanctions.13

In the summer of 2009, the Turkmen government announced restrictions on permission for citizens to attend foreign institutions of higher education, affecting thousands of students. Although most restrictions later were eased, the government allegedly still barred more than 60 students from returning to the American University of Central Asia in Bishkek, Kyrgyzstan (a school supported by U.S. and other international donors). Authorities reportedly had deemed the

school illegitimate and allegedly had stated that Turkmenistan did not need citizens trained in entrepreneurship or liberal arts.\textsuperscript{14}

Turkmenistan’s GDP growth was 10.5\% in 2008, and consumer price inflation was 13\% (The World Factbook; according to the Factbook, official Turkmen economic data are problematic). Rising food prices during 2008 boosted inflation. 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. In August 2009, Berdimuhamedow asserted that high gas prices and stable policies had enabled Turkmenistan to weather the global downturn without using the stabilization fund. The Economist Intelligence Unit has raised concerns that the fall-off in gas revenues from Russia since April 2009 will contribute to a 5\% decline in Turkmenistan’s GDP in 2009. However, the expected renewal of gas exports to Russia, along with the beginning of gas exports to China, are expected to contribute to GDP growth of 8\% in 2010.\textsuperscript{15}

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 is now largely dependent on Russian export routes, and gas and oil production have been 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 Niyazov signed a 25-year accord with Putin in 2003 on supplying Russia up to 211.9 billion cubic feet (bcf) of gas in 2004 (about 12\% of production), rising to 2.83 trillion cubic feet (tcf) in 2009-2028, perhaps then tying up most if not all of Turkmenistan’s future production. After signing the accord, Turkmenistan has requested several price hikes for its exported gas. In late 2007, Turkmenistan and Russia agreed on a price of $3.68 per million cubic feet for the first half of 2008 and $4.25 starting in July 2008, and a price thereafter based on “market principles.”


\textsuperscript{15}Economist Intelligence Unit. Turkmenistan: Country Report, July 2009.
President Berdimuhamedow has declared that “adherence to diverse fuel export schemes will remain as a basic principle of [Turkmenistan’s] economic development strategy.” In 2007, Berdimuhamedow signaled Turkmen interest in building a trans-Caspian gas pipeline. The United States has advocated building trans-Caspian oil and gas pipelines, because Central Asia could transport some of its energy through routes not controlled by Russia and Iran. The United States also has endorsed his proposal to build a gas pipeline through Afghanistan to Pakistan and India, but investment remains elusive. Some observers warn that Turkmenistan has pledged large amounts of gas to Russia, China, and other customers in coming years, although it is unclear whether production can be ramped up in a timely fashion to meet these pledges.

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 (see also below).

As another alternative to pipelines through Russia, in early 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 will send gas through this pipeline to China. Construction of the Turkmen section of the gas pipeline reportedly began in August 2007. Construction of Uzbek section started in June 2008, and construction of the Kazakh section began in July 2008. This pipeline is planned to be completed by the end of 2009.

Perhaps a further effort to diversify export routes, Turkmenistan signed a memorandum of understanding in April 2008 with the European Union to supply 353 bcf of gas per year starting in 2009, presumably through a trans-Caspian pipeline.

On the night of April 8-9, 2009, a section of a gas pipeline from Turkmenistan to Russia exploded, halting Turkmen gas shipments. Each side blamed the other for the explosion. About two weeks previously, visiting Turkmenistani President Gurbanguly Berdimuhamedow had failed to reach agreement with Russian President Dmitriy Medvedev on Moscow’s financing for an east-west gas pipeline across Turkmenistan, to be linked to a proposed pipeline to Russia. Turkmenistan had then announced an international tender for the east-west pipeline to ensure “reliable and safe supplies of energy resources to world markets,” and hinted that the pipeline could link to a possible trans-Caspian pipeline to Azerbaijan and European markets (rather than to Russia). In July 2009, Turkmenistan announced that a new gas pipeline—from a field that until April had supplied gas to Russia—would be completed by the end of 2009 to more than double Turkmenistan’s export capacity to Iran. President Medvedev will visit Turkmenistan in mid-September 2009, and reportedly he and Berdimuhamedow may agree to renew Turkmen gas supplies and to build new pipeline links to Russia.

16 CEDR, February 9, 2008, Doc. No. CEP-950154.
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 diversify their energy export routes. President Berdimuhamedow also called for such diversification and for closer European-Turkmen ties. 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.”

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20 CEDR, July 11, 2009, Doc. No. CEP-950124.