

ditions and configurations like heartland/rimlands, lifelines, choke-points, critical strategic zones, etc., hardly impinge upon the policy and behavior of great powers engaged in pursuit of hegemony.”

Interview: Chary Taganovich Kuliyeu

Turkmenistan develops its oil, gas resources

When the news of a pipeline deal between Turkmenistan and several Western oil companies was announced, for a pipeline under the Caspian Sea, through Azerbaijan, Georgia, and into Turkey, it was hailed in some European and American press as a geopolitical coup, whereby Turkmenistan had “joined” the camp of the Brzezinski-led faction of geopoliticians, who seek to exploit Central Asia oil and gas for political purposes. It was also said in this connection, that Turkmenistan’s agreements for pipeline and other economic cooperation with other states, such as Iran, Russia, etc., had thereby been cancelled.

To set the record straight, EIR requested an interview with the Ambassador of the Republic of Turkmenistan in Bonn, Germany. His Excellency Mr. Chary Taganovich Kuliyeu provided exhaustive clarification regarding this and related issues, in an interview with Muriel Mirak-Weissbach in March.

EIR: What was decided about the natural gas pipeline on the Caspian Sea floor, in the agreement reached between Turkmenistan and the American consortium PSG?

Kuliyeu: On Feb. 19, 1999, the President of Turkmenistan, Saparmurat Niyazov, and the chief executive director of PSG corporation, Edward Smith, signed an agreement, under which that firm became the charter sponsor of the trans-Caspian project, as well as a Project Memorandum. These documents mean that implementation of the trans-Caspian project has entered a qualitatively new stage, initiating the formation of the consortium that will build and commission the trans-Caspian pipeline.

This important event was welcomed, on behalf of the American administration, by adviser to the President and to the State Department for Caspian region energy development Richard Morningstar, who noted, in particular, that the trans-Caspian project will enable Turkmenistan to exploit its energy potential with maximum gain for itself, while marking its integration into not only the regional, but the global energy system. He also emphasized that this event is historic in the

context of strengthening bilateral relations between Turkmenistan and the U.S.A., and that the American government will do everything in its power to continue to promote the trans-Caspian project.

The trans-Caspian project is the first international project of this scale to be carried out at the turn of the century. This event was the result of efforts not only by Turkmenistan, but also by our partners, particularly the U.S.A. and, above all, U.S. President Bill Clinton and Vice President Albert Gore, with whom President S.A. Niyazov discussed in detail all the questions related to implementation of the trans-Caspian project, during talks in Washington in April of last year.

In working to implement this project, Turkmenistan is not playing political games, but is guided exclusively by its national interests, insofar as it is impermissible for a country that possesses 30% of the world’s reserves of hydrocarbon [natural gas] raw materials to do nothing for the development of pipeline infrastructure.

In response to concerns on the part of some countries in the region, about the possible ecological impact of this project, it will be subjected to international expert ecological analysis, for which purpose the Turkmen side has proposed to recruit experts from all of the Caspian littoral states.

President of Turkmenistan S.A. Niyazov has reported that he has received official support from the Presidents of Azerbaijan, Georgia, and Turkey, across whose territory the pipeline will run. As for Turkmenistan, it will firmly and unflinchingly adhere to the responsibilities it has assumed.

The technical and economic research data indicate that the pipeline will be built in a period of 28 months. Its length from the eastern natural gas deposits in Turkmenistan to the Turkish city of Erzurum is approximately 2,000 kilometers, with a capacity of 30 billion cubic meters of gas per annum. The estimated cost of the project is on the order of \$3 billion.

Edward Smith, chief executive officer of PSG corporation, which is jointly owned by General Electric Capital and Bechtel Enterprises, has stated that over the next few months, the operator plans to conclude agreements with other potential participants in the consortium and with the transit countries. He also announced that government and private financial agencies from the U.S.A. and other countries have expressed interest in the project. At the present time, talks on the financing package are already under way.

On March 12, 1999, a framework agreement was signed between Turkmenistan and the Botash Petroleum Pipeline company, on the purchase and sale of Turkmen gas. The document contains the basic principles for purchases and sales. Its significance is to accelerate the trans-Caspian pipeline project and create the conditions for the project to be financed. The agreement was endorsed by Turkish Minister of Energy and Natural Resources Ziya Aktash and Edward Smith, president of PSG, named the leader of the pipeline consortium.

The framework agreement regularizes annual contract volumes of gas, which Turkmenistan pledges to deliver via the trans-Caspian pipeline, while Turkey guarantees receiv-

ing it on a “payment upon delivery” basis. This volume will rise from 5 billion cubic meters of gas per annum to 16. The sides have pledged their guarantee for 30 years. The main sale and purchase contract will be signed no later than May 30 of this year.

EIR: What oil and natural gas pipelines does Turkmenistan already have, through Russia and Iran?

Kuliyev: Turkmenistan’s gas pipeline through Russia existed already in the Soviet period. It is well known that for many years, Turkmenistan exported more than 85 billion cubic meters of gas each year to the republics of the U.S.S.R. and to Europe, across Russian territory. The volume of fuel, supplied by Turkmenistan, was valued at \$15-20 billion. The less than perfect system of management and of the division of labor and distribution of profit, however, infringed the interests of Turkmenistan. Today, as an independent country, Turkmenistan independently determines its own political course and economic priorities. Since Jan. 1, 1999, Turkmenistan has been supplying 20 billion cubic meters of natural gas per annum to Ukraine, through that pipeline.

The Turkmenistan-Iran gas pipeline segment has existed since December 1997, and was part of the Turkmenistan-Iran-Turkey-Europe project. At the present time, Turkmenistan supplies approximately 8 billion cubic meters of gas per annum to its neighbor, Iran. That pipeline is technically capable of handling a rather larger quantity of gas.

EIR: Why hasn’t the Turkmenistan-Iran-Turkey gas pipeline been finished? Is the problem the unfinished part through Turkey?

Kuliyev: In one of his speeches, President S.A. Niyazov of Turkmenistan said that the question of building the Turkmenistan-Iran-Turkey-Europe pipeline has never been removed from the agenda. Construction of this gas pipeline was never stopped. Each of the countries, across whose territory the pipeline runs, has to carry out its construction independently. Turkmenistan completed construction of the gas pipeline to Iran, and the neighboring countries are working on the project. Perhaps the work is not going terribly fast. Of course, all the pros and cons have to be taken into account in this matter. Economic, political, and a number of other factors may affect the rate of construction. In their totality, they determine the rate at which the work can be done. One should be understanding and somewhat patient in this situation.

EIR: What are Turkmenistan’s plans for the construction of other gas pipelines, through Afghanistan, Uzbekistan, and other countries?

Kuliyev: The President of Turkmenistan has been and remains a consistent supporter of the idea of a *multi-option system* for fuel exports from the region to world markets. The urgency of the trans-Caspian option for the transport of Turkmen gas to Turkey and Europe was never taken off the agenda. Work is continuing on the project for the export of

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natural gas from Turkmenistan through Afghanistan to Pakistan and India. With the assistance of foreign experts from a number of countries, draft plans are under study for laying a pipeline from Turkmenistan to China and onwards to Japan. There is also considerable interest in the project for an oil pipeline from Turkmenistan to the southern borders of Iran, with an outlet to the Persian Gulf. Turkmenistan is prepared to study any project drafts and to cooperate in this area with all the countries of the world. In this regard, Turkmenistan is pursuing not only its own goals. By creating a multi-channel system for supplying fuels to various countries and/or regions, Turkmenistan can serve as a key link in *an international pipeline network*. Thus, energy-poor countries and/or regions will be able to obtain the fuel they need, while countries that are rich in raw materials will find purchasers. Such a mechanism, once established, could stabilize the energy imbalances of both Europe and Asia.

EIR: How will these projects be financed?

Kuliyev: The question of financing is taken up individually for each concrete pipeline construction project. State financial institutions, as well as private ones, may participate in financing a given project. The question of how the trans-Caspian project is being financed, for example, was laid out above. A similar mechanism is applied in each concrete case and is discussed with all the countries participating in a project.

EIR: How are Turkmenistan's relations with the IMF?

Kuliyev: Turkmenistan's relations with the International Monetary Fund may be called relationships of partnership, without qualification. An IMF office has been opened in Ashgabat, the capital of Turkmenistan, and the IMF has been working with the government for several years on carrying out reforms in Turkmenistan. Moreover, the government of Turkmenistan has regular consultations with the IMF, at the level of the leadership and of experts.

EIR: What are the government's plans for infrastructure construction and the further industrialization of Turkmenistan?

Kuliyev: Rich in natural resources, Turkmenistan was a "raw materials appendage" and an agrarian republic within the U.S.S.R. Industry and infrastructure were inadequately developed, remaining at a very low level right up until the day of independence. In accord with the policy adopted by President S.A. Niyazov for the rebirth of the country, Turkmenistan has entered a new phase of its history. Our traditional agriculture is now developing in parallel with industry. In the years since Turkmenistan proclaimed its sovereignty, the country has launched approximately 600 construction projects for various national economic purposes, a number of which are already completed. Among them are textile plants, telecommunications facilities, roads, pharmaceuticals factories, and much more. It is worth noting that in 1991, Turkmen-

istan processed only 3% of the annual cotton crop. With the construction of textile plants, this indicator has reached 40%. Our new airport, on which construction was finished in 1995, can accommodate all types of civil aviation and transport aircraft. It is the air transport crossroads between West and East. Construction of the Tajan-Sarakhs-Mashhad railroad segment connected Turkmenistan with Iran; it became operational in May 1996. With this link, the rail network of the entire Central Asian region gained an outlet to the Persian Gulf and other countries, adjacent to Iran. This rail segment is now carrying a full freight load.

Turkmenistan's agricultural policy deserves special attention. The steady process of agricultural reforms has yielded tangible results. In 1998, the country produced 1.23 million tons of grain (for comparison, in 1991, Turkmenistan produced only 70,000 tons of grain). This meant that the country covered its own requirements for grain, and will be able to export part of the harvest in the near future.

EIR: After the talks in Ashgabat between the Taliban and the Northern Alliance, there is some prospect for peace in Afghanistan. What role did Turkmenistan play in this process?

Kuliyev: The second round of talks, under the aegis of the United Nations, on settling the internal conflict in Afghanistan, took place in Turkmenistan's capital, Ashgabat. The sides effectively agreed on all points of the agenda and were glad to announce to the people of Afghanistan, and to the peoples of neighboring states and the entire world, that they have never been so close to achieving accord as they are now. It would be difficult to overstate the services of Turkmenistan in reconciling the antagonistic sides. It was Turkmenistan that convinced them to sit down at the negotiating table. We had just one goal: to bring long-awaited peace to the much-suffering land of Afghanistan and to assist the normalization of the situation in the region. Turkmenistan, proceeding from humanitarian principles and good-neighborliness, created the conditions for holding the peace talks. The joint efforts of the UN and Turkmenistan were crowned with significant achievements. Turkmenistan's President S.A. Niyazov played a special role. This was noted by the special emissary of the UN Secretary General for Afghanistan, Ambassador Lajar Brahmin, who intends to visit Ashgabat in the near future, in order personally to congratulate and thank President of Turkmenistan S.A. Niyazov for his sustained attention and support for the activity of the UN in the region.

Turkmenistan, as a neutral country, supports good relations of friendship with all the nations of the world. This is our obligation, not only as a neutral country, but because of the very nature of the Turkmen people. The great Turkmen poet Magtymguly said in his verses about his people: "Here friendship is the custom, and brotherhood the law." Turkmenistan is prepared for any contacts with any country in the world.