

TURKMENISTAN

EU-Turkmenistan: Beginning of a Beautiful Friendship

The European Union discussed bilateral cooperation with Turkmenistan during the three-day visit of Turkmen President Gurbanguly Berdimuhammedov to Brussels last week but the main focus was on energy.

"The (External Relations) Commissioner (Benita Ferrero-Waldner) on one hand acknowledged positive steps taken by the Turkmen government, on the other hand she emphasised that more needs to be done, but also, the more Turkmenistan advances on this path the more cooperation would be possible between Turkmenistan and the European Union," Christiane Hohmann, spokesperson for Ferrero-Waldner, told New Europe.

She also noted there is the intention to conclude with Turkmenistan a memorandum of understanding on energy.

"That's in very early stages," she said. "There is the intention to do so, but the commissioner did not enter into any detailed discussions."

Considering the increasing demands of the countries of Europe in energy, Turkmenistan is of increasing interest to the EU.

The EU estimates Turkmenistan's proven natural-gas reserves at 2.9 trillion cubic metres, making them the world's 10th-largest. Turkmen experts estimate Caspian resources at six trillion cubic metres of gas and 12 billion tonnes of crude.

Berdimuhammedov also met with EU Energy Commissioner Andris Piebalgs. The commissioner's spokesman, Ferran Tarradellas Espuny, told New Europe plans to build the trans-Caspian pipeline were a main topic in the discussions. The Commission has finished a feasibility study and it has expressed its interest of building this pipeline.

Tarradellas Espuny admitted that there are no guarantees that Turkmenistan will supply the pipeline with gas. "Not yet but the commissioner will visit Turkmenistan next Tuesday (November 13) so there will be an opportunity to talk more about that," he said. "It was the first time the commissioner of energy discussed with the president of Turkmenistan and it will also be the first time that the commissioner of energy will visit the country. It's a historical event." Piebalgs will attend



Turkmen President Gurbanguly Berdimuhammedov and Koen Minne, director general Enx Process Engineering, (R) surrounded by European businessmen during a reception offered in honour of the Turkmen president by the Enx group

the international oil and gas conference in Turkmenistan. Asked if an agreement between Russia, Turkmenistan and Kazakhstan in May to build a gas pipeline along the shores of the Caspian to Russia may undermine the trans-Caspian pipeline, Tarradellas Espuny said, "It's a matter of fact that Turkmenistan wants to export gas to more than one consumer. We don't think that's wrong in itself. We consider in the interest of Turkmenistan and in the interest of the European Union that they diversify their customers."

He reminded that in a recent meeting between the Kazakh and Turkmen presidents they declared they are also interested in exporting west directly.

Piebalgs and Berdimuhammedov also discussed priority areas of cooperation including geological prospecting, on-shore boreholes maintenance and development of hydrocarbon fields including on the Turkmen shelf of the Caspian Sea. Commenting on his meeting in Brussels with businessmen, a lot of them from French companies, Berdimuhammedov said Turkmenistan has enough energy resources to fill the prospective pipelines and invited investors to join the development of hydrocarbon resources of the Caspian Sea.

He said he was told shortly before flying to Brussels that the first well of the Yuzhny Yolotan bloc produced a daily surplus of over one million cubic metres of gas.

"That is the second bloc, after the recently discovered Osman deposit, which daily yields over five million cubic metres of gas per well," Interfax quoted him as saying.

"Turkmenistan is offering several large economic projects and invites everyone wishing to join them," the president said. He referred to the construction of the trans-Caspian gas pipeline, the modernisation of the northern gas pipeline, and the laying of a gas pipeline leading to China.

A gas pipeline between Turkmenistan, Afghanistan, Pakistan and India is under consideration. The Turkmen president said it is possible to increase trade, economic cooperation and investment in transport. "The transnational transport corridor North-South, which will provide direct access to ports in the Gulf, is of special interest to European partners," Berdimuhammedov said.

Initially, the new railroad line through Turkmenistan, Kazakhstan and Iran will connect Iranian and Russian railroads and carry up to three-five million tonnes of cargo. The traffic may later enlarge increase to 10-12 million tonnes, he said.

Turkmenistan is offering many interesting projects in energy, petrochemicals, agriculture, telecommunications, construction and other spheres, he said. He urged European partners to develop deposits in the Karabogazgol Bay and the Karakum desert.

At a meeting with Euro-

pean Commission President Jose Manuel Barroso, Berdimuhammedov noted Turkmenistan's interest in transporting hydrocarbons to the world markets through a multiple pipeline system.

Commenting on Turkmenistan's interaction with European partners, Berdimuhammedov noted the absence of political bias and pressure in this dialogue.

"We need reliable partners, good friends and like-minded counterparts, in relations with whom the practice of double standards will be fully excluded," he was quoted as saying by the press.

During his Brussels visit, Berdimuhammedov also discussed Turkmen-EU cooperation with EU foreign policy chief Javier Solana.

Solana stressed the importance of the negotiations, which defined priorities in cooperation, Turkmen Television reported. Solana said the president's visit to the EU headquarters was politically and economically significant.

He also said he shared Turkmenistan's wish for open, fair and equal cooperation. Both parties called for further development of constructive relations in all spheres, including energy. Solana thanked Berdimuhammedov for his attitude to constructive cooperation for mutual benefit.

He said the visit raised the level of EU-Turkmen cooperation and that the president created a new climate for cooperation.

AZERBAIJAN

EBRD provides loans to CredAgro and SOA Kredit

The European Bank of Reconstruction and Development will provide financial support to micro and small businesses in Azerbaijan with the provision of two loans to CredAgro and SOA Kredit, two leading microfinance institutions in the Caucasus, reads a press release. The finance comes under the EBRD's Non-bank Microfinance Institutions Framework launched in 2005 to strengthen microfinance institutions in the Early Transition Countries Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan and Uzbekistan. EBRD will provide Azerbaijan three million Euro to CredAgro, which is focused on agricultural and rural lending through its 20 branches across Azerbaijan. This is the EBRD's second loan to CredAgro following a one million Euro loan provided by the Bank last year which was one of the first long term loans secured by CredAgro. The fund would be utilised to further expand its lending operations and create more opportunities for credit constrained rural borrowers in Azerbaijan.

Micro Finance Bank's assets reach USD 120 mln

Anar Hasanov, a board member of Azerbaijan Micro Finance Bank (AMFB) recently announced that the bank has registered substantial growth of its figures over the last few years. The bank's assets soared by 100 percent, Azertaj reported. Hasanov said that in early October assets reached 120 million and he predicted that by the end of the year the asset will increase by 20 million more. For the same period of 2006 the AMFB registered 10-fold growth of its newly-opened deposits of the population. "We started developing retail business and deposit operations more than a year ago and for the passed period Bank's deposits exceed today 11 million Euro," Hasanov said. In 2006 the bank's credit portfolio growth in December was 47 million Euro and this year it exceeds to 100 million with average loan amount of under 3,000 Euro. Hasanov also mentioned that AMFB has all pre-conditions for financing mortgage operations at its own expense. The bank will now appear at the domestic mortgage lending market. "We do not co-operate within the state mortgage lending programme, but have plans to launch our own mortgage programme," he said.

Inflation seen at 12%-14% in 2008

Azerbaijan could have inflation of 12-14 percent in 2008, Azerbaijani Economic Development Minister Heydar Babayev said at a press conference on November 2, Interfax reported. "We are forecasting inflation at 12-14 percent for 2008. This is a normal level of inflation taking into account the growth in the population's budget revenue, average monthly salaries and cash incomes. But if oil prices stabilise next year, inflation could total 10 percent," he said. Inflation will likely amount to 16 percent in 2007, although it could be a bit lower under certain conditions, he said. "It is believed that the growth in oil prices is having a favourable effect on growth in revenues in Azerbaijan. Yes, this is definitely true. At the same time, however, the rise in oil prices is creating certain problems since it leads to an increase in the prime costs of the products of domestic producers. In addition, the rise in prices is impacting the increase in cost of goods imported to Azerbaijan. Therefore, we believe that keeping inflation at 16 percent in 2007 would be a positive result of the government's actions under the current conditions," he said. The Azeri Economic Development Ministry predicted in September that inflation would not exceed 12 percent in 2008.

Govt predicts 13% drop in investment in 2008

The Azerbaijani government forecasts a 12.9 percent drop in investment next year to 6.246 billion manat, a government source told Interfax. "The trend noted in 2007 when domestic investment exceeded foreign investment will probably continue in 2008," he said. Domestic investment is forecast at 4.4 billion manat, up 6.1 percent, and foreign investment is forecast at 1.846 billion manat, down 38.9 percent, he said. Total investment for 2007 is forecast at 7.165 billion manat, up 14.9 percent from 2006. Domestic investment will total 4.146 billion manat, up 42.9 percent, and foreign investment will total 3.019 billion manat, down 9.4 percent.