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The natural gas sector of Turkmenistan – dreams & realities

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Basics

- 488.100 sq. km., 85% desert (Karakum), size of Germany, Austria and Denmark
- Capital: Ashgabat
- Population: ca. 6,7 Mio.
- Presidential system
- GDP: ca. 12,9 billion USD

Political development

- Independent since 1991
- Leadership until 2006 of Nijazow (Turkmenbashi)
  - Authoritarian regime
  - Repression of the opposition
  - No independent media
  - International isolation
- Since 2007 new president
  - Gurbanguly Berdymuchammedov

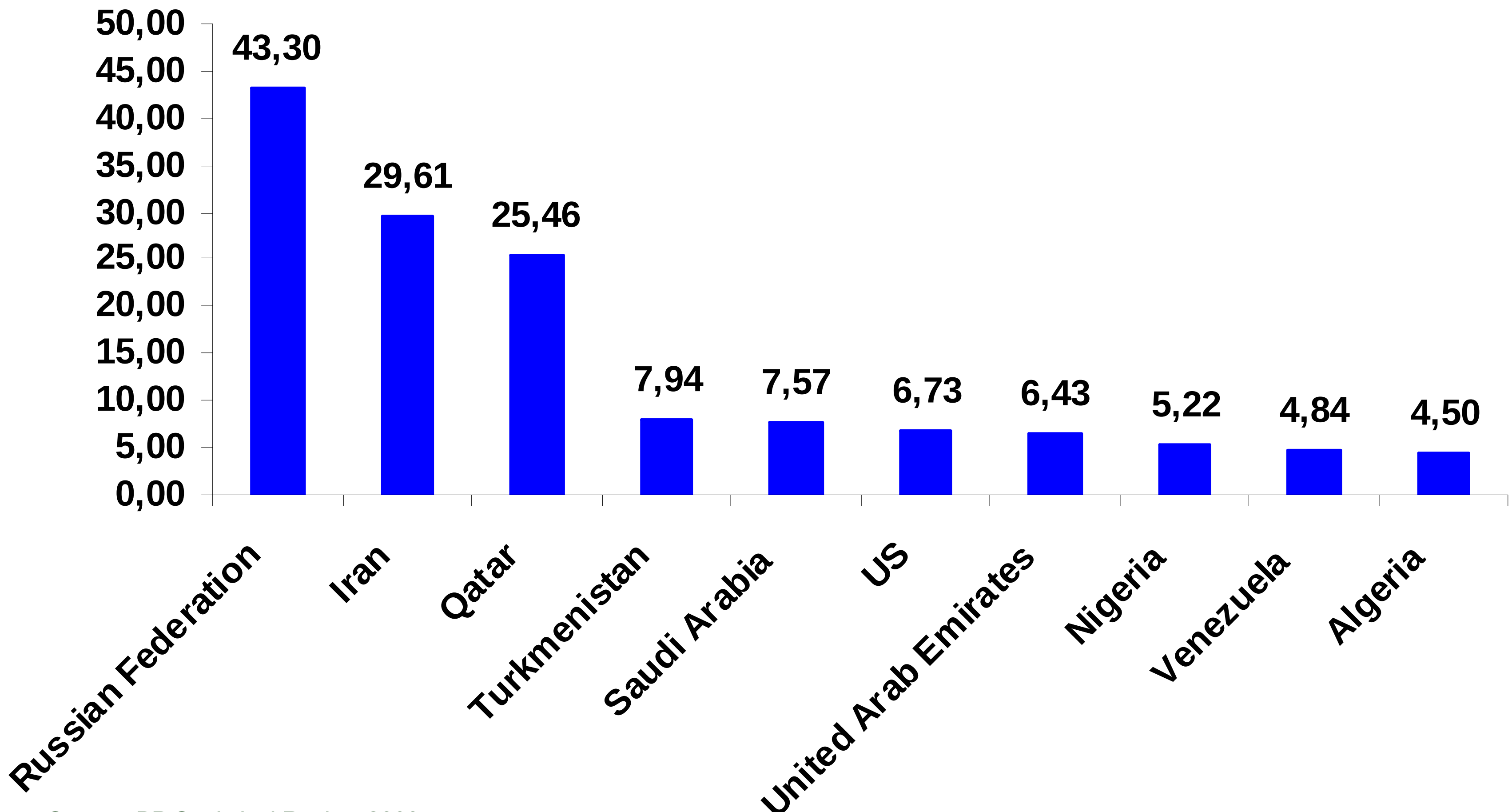
Change?

No!

- Few reforms (e.g. new constitution)
  - General gap between written law and its implementation
- Improving relations to other states (e.g. Azerbaijan)

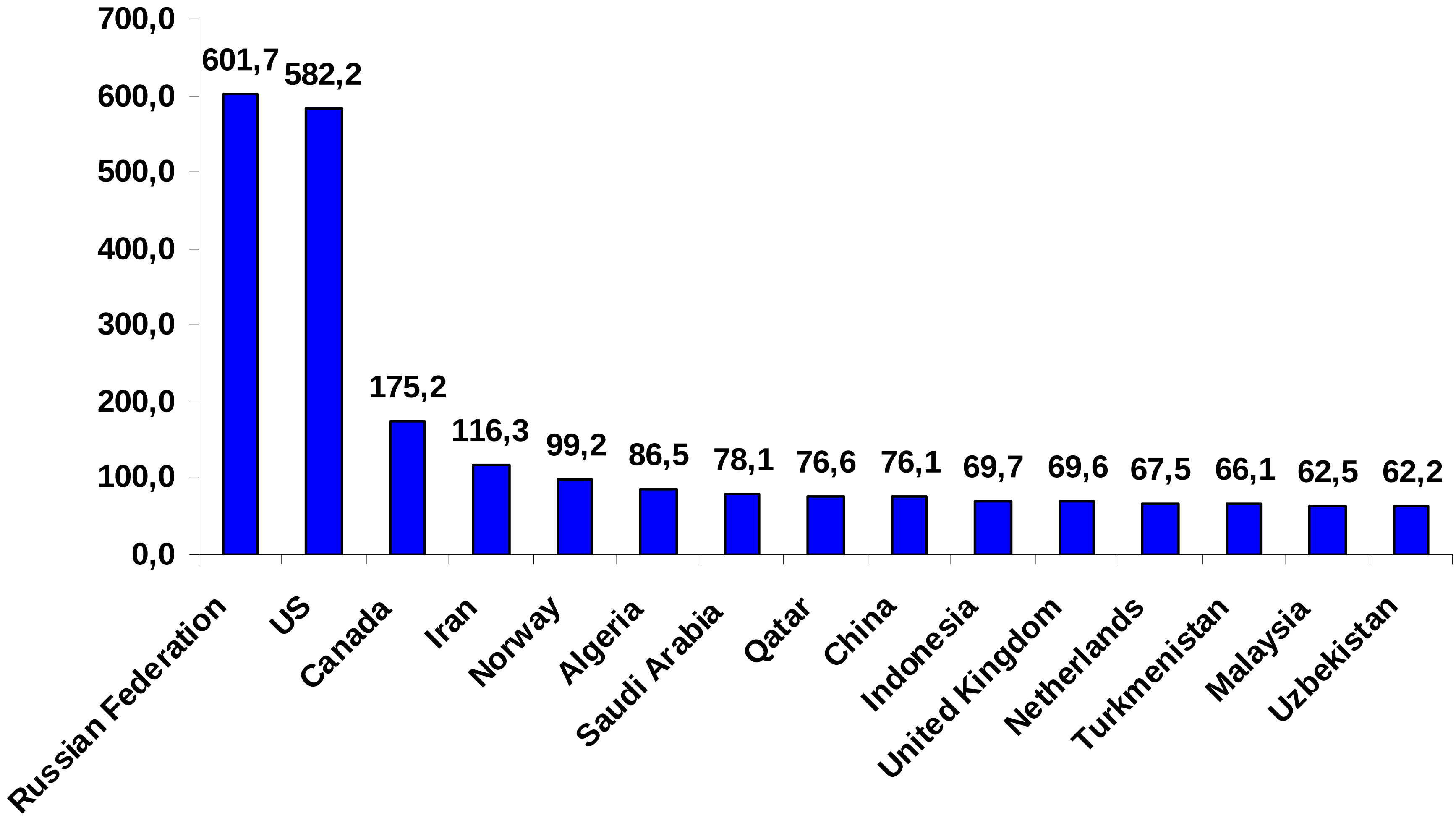
No improved living conditions for the population, still a repressive regime

The world's largest natural gas reserves (tcm)



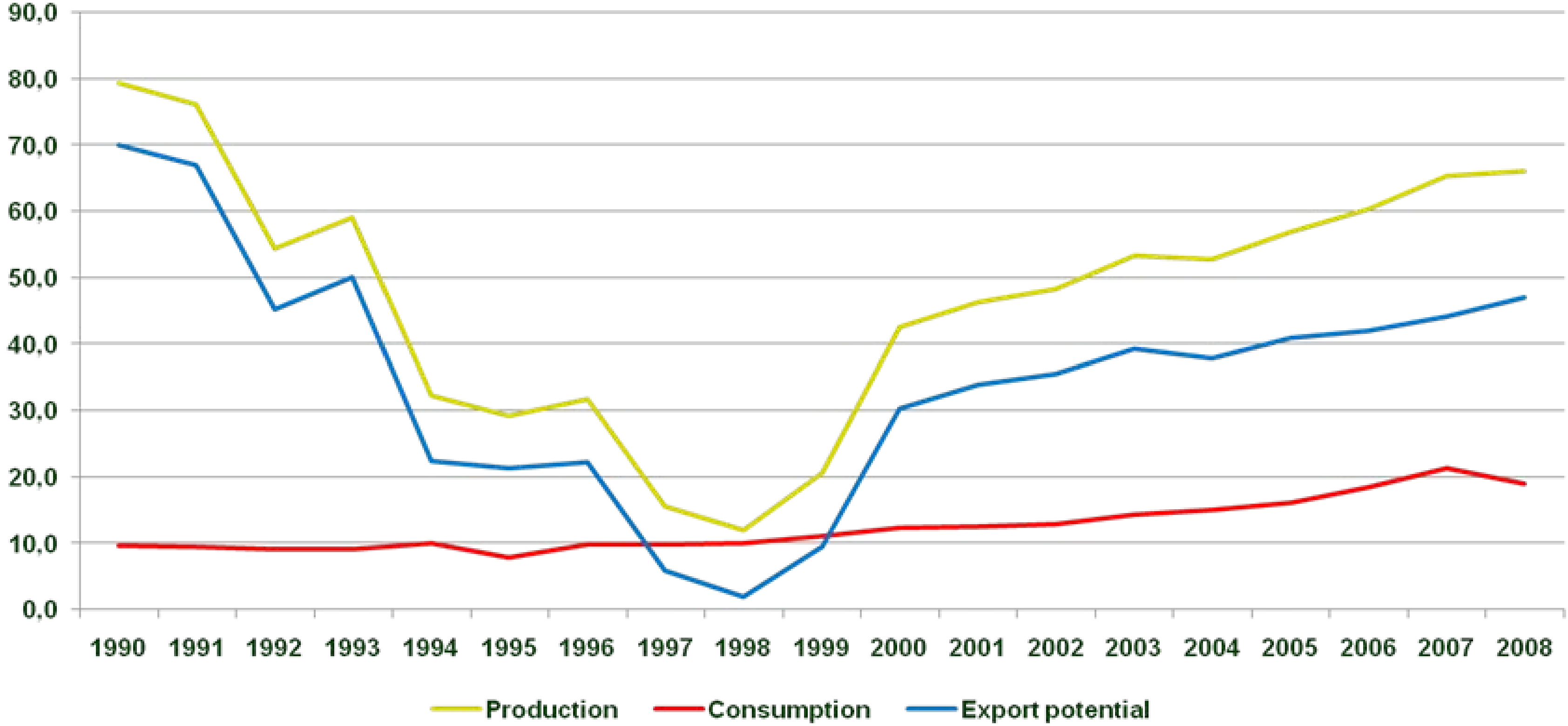
Source: BP Statistical Review 2009

The world's largest natural gas producers (bcm)



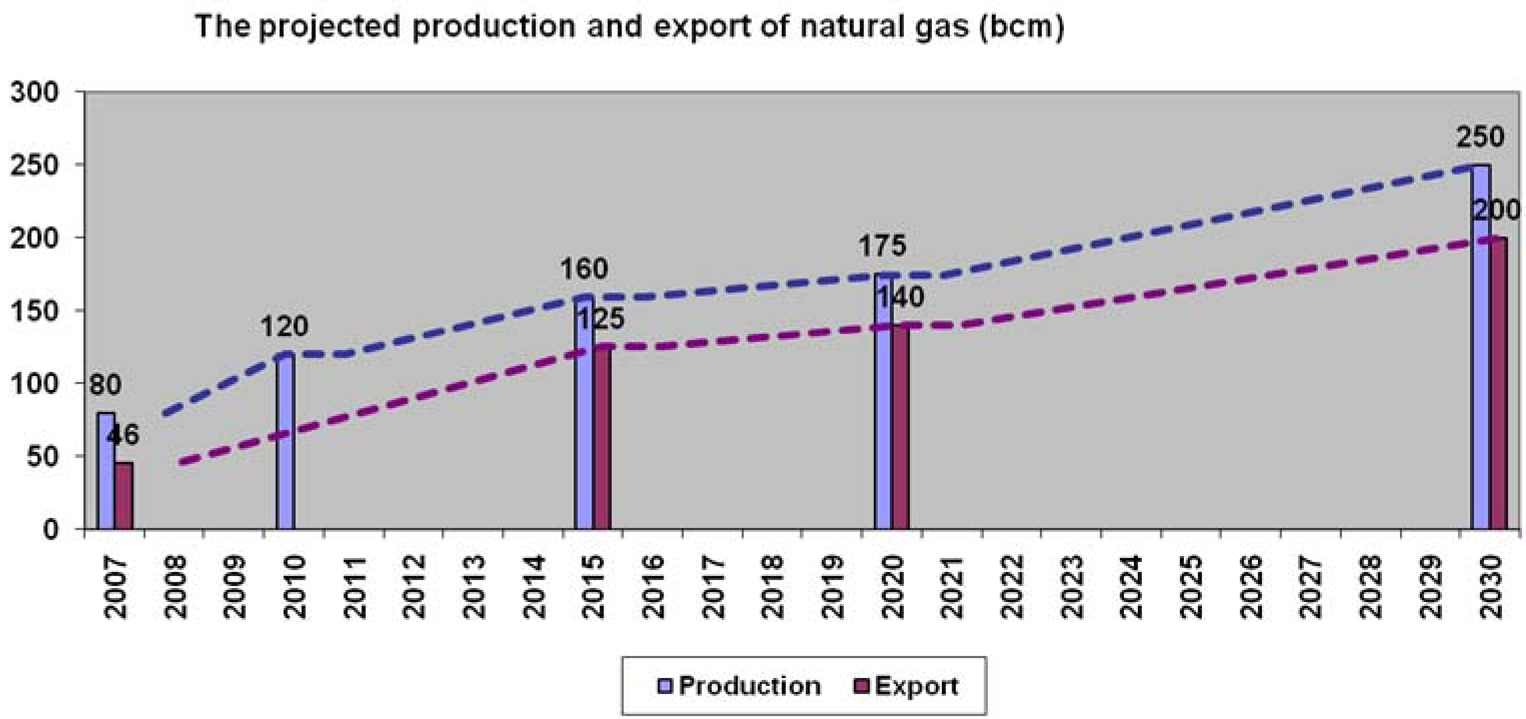
Source: BP Statistical Review 2009

Production and consumption (bcm)



Source: BP Statistical Review 2009

Ambitious plans



Source: Own preparation from data of the Bundesagentur für Außenwirtschaft (BFAI), Energy Information Administration (EIA) and the government of Turkmenistan.

To achieve these aims it is estimated that 4 to 5 billion USD per year must be invested in exploration and production facilities until 2012 – followed by 7 to 8 billion USD until 2030

Obstacles

- Difficult investment environment for foreign investors
  - Visa, permissions
- Uncertainties about the marketing of natural gas
- Uncertainties about the use of pipelines
- Exploration licences only for offshore areas (except CNPC)
- No skilled workers/employees

Promised too much?

- There are at present supply agreements in the amount of 50 bcm per year to Russia and about 8 bcm per year to Iran
- The domestic consumption was 19 bcm in 2008

Thus Turkmenistan should have produced about 77 bcm in last year, but in fact it produced 66,1 bcm

Turkmen gas for the European Union?

- Decreasing production of natural gas in the European Union while increasing consumption until 2030
- Memorandum of understanding between the European Union and Turkmenistan about the delivery of 10 bcm per year

More promises

- From 2009 Turkmenistan wants to deliver about 30 bcm to China per year
- The deliveries to Iran will increase to 14 bcm
- It was planned to increase the pipeline-capacity to Russia to 90 bcm per year (new negotiations in september 2009)
- Deliveries to Pakistan and India

Including a constant consumption of about 20 bcm, the turkmen production should reach 164 bcm in the coming years, which means more than a doubling of the present production

Export routes

Existent and prospective export routes

Existent transport routes

- to Russland
- to Iran

Prospective export alternatives

- Transcaspian pipeline
- Export of LNG (across the Caspian Sea)
- via Kasachstan to China
- via Afghanistan to Pakistan respectively India

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Thank you for your attention

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