

DOES TURKMENISTAN CAPABLE TO CONTRIBUTE TO GLOBAL NATURAL GAS SUPPLY SECURITY?

Corvinus University Budapest, Hungary, +36702587963
kornel.andzsans-balogh@stud.uni-corvinus.hu

The paper identifies and analysis fundamental new changes in the Turkmen gas industry. It looks at the realized and proposed export diversification plans in order to assess the countries capability to meet its export obligations. Besides upstream capacities and it's developments the paper takes a close look on Turkmenistan's role at influencing prices in the slowly unravelling united Eurasian natural gas market and its effects on security of supply. In 2010 Turkmenistan became the first supplier country in the region that has direct pipeline connection to Europe and Asia at the same time. The new export capacities influenced regional upstream natural gas market prices and put Chinese internal natural gas pricing under pressure, (Higashi: 2009 [1]) but has no impact on Eastern European prices.

For 17 years Turkmenistan's large gas reserves have attracted many to plan long distance transit pipelines connecting the Turkmen fields with large consumer markets in Asia and Europe. However, tangible change occurred only in the last three years. The new leadership is Ashgabat brought new opportunities for the country and its potential trading partners. Turkmenistan now has new gas pipeline connection with Iran and China. The European supported Nabucco pipeline also seeks supply from the country. But who will get what? The active Chinese presence in Central Asia may dramatically change the regional upstream gas market. (Matvejev: 2008 [2] Morozov: 2008 [3] Proklov: 2008[4]) What kind of development path will Ashgabat seek? And how the Chinese can influence this? Is it realistic for Central European countries to seek supplies from Turkmenistan? On what price the Nabucco can get Turkmen gas? How the sustainable development path will unravel in Turkmenistan where the gas industry did not attracted significant foreign investment for decades? Will Ashgabat manage to attract investments for secure supply obligations?

In order to assess the possible development path of the Turkmen gas industry a historical approach is used. (Dorian et al.: 1993 [5]) On the other hand the paper conducts a case study based research about the Turkmen gas industry using current publicly available data, working with international political economy tools to carry out an analysis partly based on other international case study methodology. (IEA:1998 [6]; Victor et al.: 2006 [7]; Pirani: 2009 [8]) The current Turkmen president had traveled to European capitals (Rome, Paris) to assure Turkmenistan firm stance on supplies for Nabucco. However, unsettled disputes with Azerbaijan raise doubts about possible direct European exports, and the new administration was not able to eliminate the skepticism about Turkmenistan's real proved gas reserves, that was further questioned with the allegations around the provided data to *Gaffney, Cline & Associates* and sacking members of the state gas industry companies two times in 2009. After the case-by-case analysis of these events a framework is given of the current Turkmen gas industry development path.

The paper closes with a chapter on the development prospects of Turkmenistan's gas industry, that helps to understand what kind of supply security contributions can be expected from Ashgabat. Assessing the possible risks arising from linked prices between the European and Chinese markets. The paper gives an understanding of the complexity of the Turkmen gas industry and future challenges. It contributes policy makers with comprehensive database and

analysis of the country's gas sector and its role as sponsor of security of supply in Eastern Europe and China.

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