

South Stream Ahead in Turkmen Gas Export Race

Author: [Inga Sikorskaya](#)

Turkmenistan's chances of exporting to Europe without going through Russia look slimmer.

Turkmenistan's attempts to explore gas export routes bypassing Russia have taken a knock after the Moscow-backed South Stream route took a further step forward.

On April 25, Russian prime minister Vladimir Putin inked a cooperation agreement with Austria during a visit to Vienna, creating the final link in a project to which Greece, Serbia, Slovenia, Bulgaria, Croatia, and Hungary have already signed up.

The South Stream project, in which Italian energy company ENI and now France's EDF have commercial interests, envisages a pipeline running along the bottom of the Black Sea from the Russian port of Novorossiysk to Varna in Bulgaria, and onwards through Europe. The pipeline is expected to be in place by the end of 2015.

Turkmenistan, a major gas producer, has indicated it would consider being part of the South Stream project but has also expressed interest in a rival route called Nabucco, which is backed by the United States and a number of European states.

The Nabucco pipeline would run overland from eastern Turkey through southeast and central Europe. For Turkmenistan to join the project, an additional pipeline would have to be laid across the Caspian Sea to Azerbaijan, from where the connection would be made to Turkey.

Moscow clearly sees Turkmenistan as a major source of gas for the South Stream route, but the Turkmen authorities have been trying to get away from sole dependence on Russian energy giant Gazprom for exports.

However, Nabucco's prospects appear to be fading since Moscow has secured the agreements it needs to make South Stream happen.

"South Stream has left its rival [Nabucco] behind," said Annadurdy Khadjiev, a Turkmen economic analyst in Bulgaria. "Russia's Gazprom, one of the leading global gas suppliers, is taking part in the project, which means there won't be any problems filling the pipeline with gas."

Plans to move ahead on Nabucco have been delayed by failure to make progress on the Trans-Caspian Gas Pipeline – not least because legal disputes around ownership of the sea remain unresolved – and also by the lack of solid supply contracts that would ensure the pipeline's success.

Khadjiev says that however much Turkmenistan might like to be part of Nabucco, it will not do so without Moscow's approval now that the project's prospects have dimmed. As evidence of this change of heart, he cited a Turkmen decision to abandon plans to liquefy gas in Azerbaijan to ease onward exports.

Other experts agree that Turkmenistan's interest in western energy projects has faltered, even though it has not stated this openly.

"Turkmenistan does not want to undertake to supply gas to the EU," said Andrej Tibold, chief editor of Eurasian Energy Observer in the Netherlands. "Turkmenistan has failed to meet the expectations not only of the EU but also of European energy companies".

For instance, one of the Nabucco consortium members, the German power company RWE, opened an office in Ashgabat recently but failed to win a gas supply contract.

Rovshan Ibrahimov, heads of the Centre for Energy Studies in Baku, Azerbaijan, argued that the Turkmen authorities government should not abandon the Nabucco route yet, as it was still the project best suited to their interests in that it would reduce dependence on Russia as an export route.

But the decision is not entirely up to Turkmenistan, he added.

Other analysts note that an energy alliance with Moscow offers other advantages, for example a lack of concern about human rights and democracy in Turkmenistan, and greater flexibility on energy deals than is offered by western partners, which require transparency.

As one local commentator put it, "The European Union is insisting that Turkmenistan agree to transfer all future income from gas sales directly into the national budget. Such demands aren't welcomed by [President Gurbanguly] Berdymuhammedov."

Inga Sikorskaya is IWPR's chief editor for Turkmenistan and Uzbekistan.

This article was produced as part of IWPR's News Briefing CentralAsia output, funded by the National Endowment for Democracy.

Location: Central Asia
Turkmenistan

Source URL: <https://iwpr.net/global-voices/south-stream-ahead-turkmen-gas-export-race>