

THE EFFECTS OF TURKMEN EAST – WEST GAS PIPELINE

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During the Cabinet Ministers meeting carried out recently by our Esteemed President, the historically important document was signed for construction of new gas pipeline “East-West”. Adoption of the Decree for construction of this pipeline has also provoked interest in world society. And on the last day of May near the Shatlyk gas compression station in Mary region Esteemed President of Turkmenistan has participated in the official foundation laying ceremony of this pipeline. In this article we would like to highlight some effects of this resolution on construction of globally important gas pipeline.

Economical Influence. Turkmenistan, under the leadership of our Esteemed President, in line with the other industries is achieving high rate of economic growth and development. Nowadays Turkmenistan is outstanding with its rapidly increasing indicators in national per capita income and development in gross domestic product. As it was also indicated in the “World Economy Outlook- April 2010” book published in April of this year by International Monetary Fund, Turkmenistan has become one of the several countries which achieved economical development during the global financial crisis. As it was mentioned in the book, expected growth rate in gross domestic product of Turkmenistan for this year is going to be 3 times more than the rate of global economical development. And this is the economical development and power that gives Turkmenistan opportunities to implement large-scale projects at its own means. In this regards, in accordance with the signed document by our Esteemed President, designing and construction works for “East-West” gas pipeline and its surface auxiliary systems would be undertaken by the state concerns “Turkmengas” and “Turkmennebitgasgurlushik”. The project is going to be financed

by means of state concern “Turkmengas”. Estimated budgetary costs for construction of a new pipeline is calculated in the amount of more than 2 billion USD.

Export Potential. The gas pipeline is going to be started from “Dowletabat-Deryalik” gas pipeline “Shatlik” gas compression station and extended up to “Belek-1” gas compression station located in the territory of Balkan region. Commissioning of the commenced pipeline is planned for 2015. The pipeline route would extend to nearly 1000km, while the diameter of pipes would be 1420mm. It will be possible to transfer 30 billion cubic meters of gas per year with the new global gas pipeline. For the purposes of ensuring effective operation of the pipelines 7 (seven) gas compressor stations would be built along the pipeline.

Construction of new gas pipeline will become significant step in creation of a reliable and stable system for marketing Turkmen energy means to international markets as well as marketing Turkmen “blue gold” means to new marketplaces in line with the traditional ones by means of diversification. Creation of “blue ring” in the territory of Turkmenistan will also create opportunities for directing natural gas to the necessary path in case of necessity. In line with China, Pakistan, Iran and India some European countries also express desire for Turkmen “blue gold” in order to supply their huge demand in natural gas, since Turkmenistan is not only known as the country having huge gas resources, but also as the reliable partner carrying out its liabilities irreproachably. Till the present days, Turkmenistan has put and continuing putting all the necessary efforts for constant and reliable marketing of its “blue gold” to the world market. Announcing that the country has rather huge gas reserves and its confirmation by the international audit organization has become an important step in this field. Development of these huge gas fields, as well as conclusion of contracts for the amount of 10 billion USD providing natural gas fields development is also one of the major achievements of Turkmenistan in this field. Moreover, as nowadays our country has profitable conditions for investments, world leading energy companies are expressing interest in carrying out financial investments to our country, while it

has already have concluded large-scale investments contracts with some of such companies. These cases provide great opportunities for increasing the amount of oil and gas being recovered in Turkmenistan. Turkmenistan has started drawing up international legislative documents in order to provide security of pipelines and transfer of energy means which obviously shows position of our country in the sphere of provision global energy safety.

Supply consumers. Recently accepted “National program for social and economical development of Turkmenistan till 2011-2030 years” by Elders Council in Dashoguz region takes into account further strengthening of national economy and implementing the whole scope of investment and social projects which will provide rising social level of citizens of our country. In accordance with accepted perspective plans it is planned to construct and put into commission dozens of new factories and plants, gas turbine power stations and other large-scale industry facilities in Turkmenistan. These are the results of the policy of transformation of Turkmenistan from raw materials exporting country to the country that uses modern technologies and sends ready materials. This fact gives the country opportunities for development of raw materials processing industry, creation of new job places and also increases income of our country. Commissioning of 3 more gas turbine power stations witch capacity of 254 MWt each just in the first 4 months of this year shows that consumption of natural gas in domestic market of Turkmenistan increases constantly. New gas pipeline will help to connect the huge natural gas resources rich east region of our country with harmonically developing Central and Caspian Sea coastal regions and will give opportunity to provide natural gas to all factories, plants and other facilities in great demand for “blue gold” .

Professional development. It should be highlighted that the importance of the projects could be at the fact that implementation of the project would be done by Turkmen specialists. As it is known, in accordance with the Decree on “Attendance of local construction companies to international tenders” signed by our Esteemed

President last year in July, local companies can attend in established order to international tenders for construction and assembly, repair and reconstruction works in the same conditions with foreign companies despite of their organizational, legislative and ownership type. Now, during the process of execution of this Decree, local construction companies can also win international tenders and carry out construction and assembly works. This case gives impetus to enrichment of Turkmen construction companies, training of local specialists on world level in the field of construction, creation of new job opportunities, furthermore, considerable amount of expenses spend for construction and assembly works will remain in the territory of our country. As we know, construction and assembly works of Turkmenistan-Iran-II gas pipeline which is opened and put into commission in the very first days of this year was carried out by “Turkmengas” state concern enterprises. Execution of internationally important “East-West” gas pipeline by Turkmen specialists will give impetus to professional development of Turkmen energy constructors. Realization of such huge project can provide in near future new opportunities for Turkmen energy constructors not only in the territory of our country, but also outside of its borders.

Well, it can be said that implementation of this huge and strategically important from all aspects project, showing extremely high economic power of our country, achieving constant economical development, meeting the requirements of domestic gas consumption are showings of important steps in the constant development of domestic construction industry of the country together with strengthening basics of national and global energy security in regards of diversification of export directions by Turkmenistan for marketing of energy means to international marketplaces.