

John Roberts, closing comments at the end of Plenary Session VI at the Conference on strengthening regional cooperation in Central Asia for promoting stable and reliable energy within Eurasia.

Ashgabat, 4 May 2010.

A few observations from the conference:

I've been impressed and delighted by the attention paid at this conference to the water/energy nexus. We have had excellent contributions on this from USAID, (Michael Trainor), the World Bank (Sunil Khosla) and Sergei Vinogradov.

I was particularly struck by one point raised by Mike Trainor, when he spoke, in effect, of a misplaced sense of self sufficiency. There is a need to focus, both regionally and internationally, on inter-dependence.

Liana Jervalidze demonstrated how to tackle a complex tankle of pipelines in a fair and judicious manner, while the Turkish diplomat (Ahmet Erdem), reminded us of the role of independent regulation in energy issues.

Independent regulation also illustrates the importance that transparency plays in contemporary energy affairs. And this conference, I hope, has itself demonstrated the value of open discussion and transparency. The subjects discussed here are difficult issues, but they can be discussed intelligently. Different views are not necessarily wrong views.

This is a Eurasian gathering. Turkmenistan is at the heart of Eurasia. It has a unique position. It is by far the biggest country in the world to be essentially reliant on gas exports alone. Most gas exporters – even Qatar and Russia – earn much greater revenues from oil than from gas. Look at Iran, holder of the world's second largest gas reserves, but routinely a net importer of gas, relying on Turkmenistan for its substantial imports.

The first half of the 21st Century will likely be dominated by gas issues, not least for environmental reasons. As we have heard throughout this conference, gas is the great transition fuel to a low carbon future. Just as energy issues in the second half of the 20th century were dominated by oil and epitomised by Saudi Arabia, so Turkmenistan has the potential to epitomise the gas era from now to 2050.

But it needs to expand its connections. It's diversification policy has ensured that they exist to the east and to the south, as well as to the north.. Now it needs to connect to the west. That's what opens the door, that's what creates secure access to open markets. That's what provides a balancing factor to existing markets.

And why should this be important? Even if Turkmenistan continues to pursue its policy of only selling gas at the border, access to markets where prices are much more freely

determined will improve its bargaining position in its bilateral price negotiations with its existing customers.

Moreover, from Turkmenistan's perspective, Russia, China and Iran are all closed markets; they do not offer access to markets further afield, whereas a connection to the west opens up a multiplicity of markets.

But if a westward option is to be achieved, there's a need for a quid pro quo.

I spoke yesterday of how I thought the EU – most probably in the form of Energy Commissioner Oettinger – should take the lead in developing a practical integrated programme for delivery of Turkmen gas to European markets,

Such a programme should take advantage of the European mixed economy to develop a form of public and private partnership that would be able to deliver the following:

- Development of a transportation system to convey Turkmen gas to Europe (I do not advocate how much of this should be by pipeline, or whether there might be a role for marine transportation across the Caspian);
- Long-term purchasing arrangements for Turkmen gas;
- The willingness of the European Union to serve as interlocutor in the Turkmenistan-Azerbaijan maritime boundary dispute.;
- And, borrowing from Wolfgang Sporrer's presentation, developing a common transit regime to serve Turkmenistan, Azerbaijan and Georgia.

Such a programme, I think, would also be further enhanced if it were accompanied by a major programme to help develop Turkmenistan's human potential, notably through education and training.

In all of this, I believe, the European Union's position is essentially the same as that of the United States.

At this point I should like to add something to the comment I made yesterday when arguing that even if the European Union as a public sector body were to take the lead in creating such a programme, its implementation would be largely in the hands of private companies. I should also have stressed that I do not think such an effort should be confined to European companies but should also involve North American companies and, indeed, those international companies from the rest of the world, such as Malaysia's Petronas, that are already making such a difference within Turkmenistan itself.

The reason for suggesting that the EU should take the lead in developing such a programme is straightforward; it is to answer Turkmenistan's questions: 'Who do I talk to; who can I sign an agreement with?'

But, for its part, there is work for Turkmenistan to do. It needs to build on its already clear message to Europe: 'We have the gas and we want to develop it in new directions.'

There is one key direction: required: West.

But what's needed on the Turkmen side is a clear programme for identification of resources to be assigned to a western route and for development of these resources. Such a programme has to be both transparent and bankable by international standards.

Both programmes – the EU's for a trans-Caspian route to Europe and Turkmenistan's for development of resources to fill such a pipeline – need to be developed hand-in-hand.

Just as the water/ energy nexus needs to be tackled hand-in-hand, so, too, does the issue of developing both a westward export route and the resources to fill such a system.