

TURKMENISTAN AT TWENTY-FIVE: THE HIGH PRICE OF AUTHORITARIANISM

PAUL STRONSKI

Twenty-five years after the breakup of the Soviet Union, Turkmenistan holds the title of the most authoritarian of all former Soviet states. Saparmurat Niyazov, the country's last Soviet and first post-Soviet leader, created a political system based on repression and hydrocarbon wealth. He used the proceeds from Turkmenistan's vast natural gas reserves to finance an internal security apparatus, an omnipresent propaganda machine, and a measure of material well-being for the population through deep subsidies for the basic necessities of life.

His successor, Gurbanguly Berdimuhamedov, has followed in Niyazov's footsteps faithfully, perpetuating the system he inherited and making it more oppressive and closed wherever possible. Freedom of speech, the press, association, and religion remain curtailed in Turkmenistan to such an extent that Freedom House puts the country in the same category of dictatorships as North Korea, Sudan, and Syria, at the very bottom of its 2016 Freedom in the World index. The ability of Turkmen to travel overseas is restricted, and the country remains largely closed off to most foreigners, making it the most isolated of all former Soviet states.

But the hermit kingdom financed by gas revenues is facing big challenges as the security environment deteriorates and the country's financial resources dwindle. There has recently been instability along

the Afghan-Turkmen frontier, and Turkmen security forces have reportedly had difficulty pushing back militant incursions across the border. Meanwhile, low commodity prices have taken their toll on all of Eurasia's hydrocarbon exporters, but Turkmenistan's political isolation and reputation as one of the most oppressive regimes compound the country's problems.

Over the past decade, Ashgabat has grown increasingly dependent on Beijing—now the only real export market for Turkmen gas. China is also the country's main source of foreign loans. Both provide China with enormous leverage over Turkmenistan. The prospect of a prolonged environment of low hydrocarbon prices, the country's outstanding debt to China, and competition from other global gas producers make Turkmenistan's economy increasingly troubled.

ABOUT THE AUTHOR

Paul Stronski is a senior associate in Carnegie's Russia and Eurasia Program, where his research focuses on the relationship between Russia and neighboring countries in Central Asia and the South Caucasus.

Due to fractious relations with Moscow and the desire of the Turkmen government to keep its citizens isolated from the outside world, migrant labor opportunities in Russia have been closed off. That has denied struggling Turkmen the escape valve other Central Asians have relied on to feed their families and remain above the poverty line. Turkmenistan has already experienced reduced revenues from gas sales, a steep devaluation of its currency, high inflation, and shortages of basic goods, raising concerns about food security. There have been isolated instances of socioeconomic protest in recent years, which is unusual for a population living under such repression and in an information vacuum. The Turkmen model appears far more fragile than the record of the first twenty-five years of independence might lead one to believe.

THE TURKMEN POLITICAL MODEL

Niyazov, Turkmenistan's first president, found himself running an independent country by chance, not design. Trained as an engineer in St. Petersburg, then Leningrad, he came to power in 1985 when then Soviet leader Mikhail Gorbachev installed him as first secretary of the Communist Party of the Turkmen Soviet Socialist Republic with a mandate to curb corruption there.

Niyazov, however, was a conservative Soviet official, and Turkmenistan in the late 1980s was a conservative place. Like most of Central Asia, the republic produced no large-scale popular independence movement during Gorbachev's perestroika years. The population was not eager to break away from Moscow. Turkmen voted overwhelmingly in a March 1991 Soviet Union-wide referendum to preserve the union. In keeping with that conservatism, Niyazov remained silent throughout the August 1991 coup when hardliners attempted to overthrow Gorbachev and save the Soviet Union.

Turkmenistan therefore did not experience the political liberalization that swept across most of the Soviet

Union in the late 1980s. In 1990, Niyazov banned the nationalist Unity movement, which urged a revival of Turkmen culture at a time when civil society and other national revival movements were not only tolerated but blossoming in other parts of the Soviet Union. Because the people of Turkmenistan had never experienced either political or cultural liberalization, when the Soviet Union finally broke up, Niyazov had little difficulty transforming Turkmenistan from one-party Communist rule to one-party rule of the newly renamed Democratic Party of Turkmenistan, the successor to the Communists. This enabled Turkmen elites to preserve the power and institutional capacity of the Communist Party. They merely changed the ideological cover from socialism to a newly discovered reverence for Turkmen nationalism, with Niyazov as its chief proponent. That nationalism eventually led to the glorification of Niyazov as Turkmenbashi, the leader of all Turkmen.

Turkmenistan has never had an election that offered its citizens any semblance of choice. Niyazov ran for president unopposed in 1992, winning an implausible 99.5 percent of the vote. In 1994, he became the first leader of a former Soviet state to extend his term in office by holding a referendum to prolong his rule until 2002—setting a precedent that Azerbaijan, Belarus, Kazakhstan, Tajikistan, and Uzbekistan would all follow. Niyazov was then proclaimed president for life in 1999, doing away with presidential elections until his sudden death in 2006.

During Niyazov's time in office, all dissent was brutally suppressed and pushed underground. The media remained under tight state control, freedom of movement restricted, and access to the outside world highly constrained. In an effort to promote Turkmen nationalism and reduce Russian influence in the country, Niyazov discouraged the use of Russian, closed Russian-language schools, reduced Russian-language instruction to one hour a week, and blocked Russian-language media. He later curtailed access

to Russian-language material in the national library. These moves effectively cut the country off from outside information and reduced Moscow's ability to influence Turkmen culture and information space.

Secondary education under Niyazov was reduced by one year—a move that caused long-term damage to the quality of education in the country, weakened the qualifications of Turkmen secondary school graduates, and cut off opportunities for Turkmen to study in Russia or elsewhere overseas. Ethnic Russians were dismissed from workplaces, while those holding dual Russian-Turkmen citizenship were given three months to renounce their Russian citizenship in 2003 or face the confiscation of their property and forced departure from the country. Foreign-educated Turkmen citizens—including those with Soviet-era degrees from institutions elsewhere in the Soviet Union—were dismissed from their jobs in 2004.

In the same year, the government fired 15,000 healthcare professionals, replacing them with military conscripts with little medical training. In 2005, Niyazov ordered the closure of all regional hospitals.

These moves further weakened the education and healthcare systems in Turkmenistan, undermined the effectiveness of the country's institutions, and led to a massive brain drain of ethnic Russians, some Russian-speaking Turkmen elites, and minority groups. That caused friction with Moscow and further tarnished Turkmenistan's image abroad.

With the population isolated from the outside world, the regime tried to transform a clan- and tribe-based society into a nation centered on a single political leader through the creation of Niyazov's personality cult. The regime's propaganda arm instructed the population to revere the leader, his family background, and his alleged achievements. The capital of Ashgabat, like many other towns, was redeveloped and decorated

with gold images of the leader, expensive imported marble, and elaborate fountains—a wasteful misuse of water in a desert country that has too little of it. When the names of the months were changed in honor of Niyazov's family members, the cult went from lavish to outright bizarre. Library collections were purged and most libraries were eventually closed, limiting public access to books and information from the Soviet era. Instead, schoolchildren were required to read the *Rukhnama*, Niyazov's collected thoughts on culture, history, and morality.

While the state propaganda machine built up an image of Niyazov as a godlike figure leading a revitalized Turkmen nation, the population received social benefits: free water, gas, and electricity as well as subsidized bread, gasoline, and public transportation. In case the propaganda and subsidies failed, the personality cult was accompanied by the buildup of a powerful domestic security apparatus. Turkmenistan in effect became a police state more reminiscent of the Stalin era than anything seen in the later Soviet period.

Turkmenistan's adoption of permanent neutrality—confirmed by the United Nations in 1995—helped reorient the security services and military focus away from the danger of external aggression toward internal threats to the regime. An intense focus on preserving the regime and protecting it from internal threats has likely degraded the Turkmen military's ability to identify external threats and protect the country from them. That is now a problem, given rising instability in northern Afghanistan near the Turkmen border, fears of the presence of the self-proclaimed Islamic State, and Russia's propensity of late to use its military power in Eurasia and the Middle East.

Niyazov appeared wary of any potential challenger from within the political elite—a fear that led to frequent purges of government officials to prevent any one person or faction from gaining too much

political or economic power. Due to these purges, it was common for former senior government officials to find themselves out of favor, ultimately either in jail or in exile. The end result was that even a notional opposition could exist only outside the country.

An alleged assassination and coup attempt against Niyazov in November 2002 led to a purge of the political elite and security services and reinforced the regime's penchant for isolation from the outside world. While the details of the plot remain murky, the regime implausibly accused Azerbaijan, Russia, the United States, and Uzbekistan of complicity. The minister of defense, former minister of foreign affairs, head of the security services, and head of the presidential administration, among others, were all put through show trials and sentenced to long jail terms. Dispatched to prison camps, many of them have not surfaced since. They are the highest-profile victims of Turkmen totalitarianism, but many others have also disappeared into the country's prison and labor camps.

FEW CHANGES UNDER THE SECOND PRESIDENT

Niyazov died of a heart attack in December 2006. Despite expectations that his demise would unleash political instability, the transition to his successor, Gurbanguly Berdimuhamedov, was remarkably smooth—but nontransparent. A minister of health and a deputy prime minister, he was not in the formal line of succession and came to power through behind-the-scenes maneuvering within the elite. Officially, the parliamentary speaker was supposed to become acting president, but he was arrested and imprisoned shortly after Niyazov's death. A quickly amended constitution enabled Berdimuhamedov to become acting head of state. He was confirmed as president in a highly flawed February 2007 election, and returned to power in 2012 with an unrealistic 97 percent of the vote.

In 2016, Berdimuhamedov pushed through constitutional amendments extending the presidential term to seven years and removing a mandatory retirement age of seventy for the president, essentially setting himself up to serve as head of state indefinitely. The next presidential election will be held in February 2017, with the current president certain to win once again, despite the fact that two new political parties are also fielding candidates.

Berdimuhamedov replaced Niyazov's cult with his own, based on the same blueprint. Portraits of the second president are now ubiquitous throughout the country on billboards and in offices. Berdimuhamedov enjoys his own honorific title of "arkadaq" or protector. He has become a frequent author; one of his books recently became mandatory reading in the country's schools, while his predecessor's *Rukhnama* has been dropped from the curriculum.

A gold statue of the second president was erected in Ashgabat, purportedly following the will of the Turkmen people. The reconstruction of the capital continues unabated with little regard to property rights or the environment. Much of the construction consists of prestige projects, such as the new \$2.3 billion Ashgabat airport—a costly and wasteful building for a country that restricts the movement of its citizens and has virtually no foreign tourism and few foreign investors. Despite the high price tag, the airport is marred by shoddy construction. Opened only in September 2016, the building already has sagging foundations and failing communication cables.

This troubled airport will welcome athletes for the 2017 Asian Indoor and Martial Arts Games in Ashgabat—an international sports event of which most of the world is unaware. Held only once before in South Korea, the games in Turkmenistan will cost an estimated \$5 billion—another questionable prestige project.

The government is also building a lavish tourist zone on the Caspian Sea, even though it is very hard for foreign tourists to gain visas to the country.

Freedom of movement is tightly controlled. Although Berdimuhamedov took away exit visa requirements for citizens to travel abroad, he allegedly replaced them with a secret blacklist of those—most likely regime critics—who are banned from traveling abroad, even to Russia. Furthermore, most ordinary Turkmen cannot afford the costs of regional, let alone international, travel.

Turkmen civil society remains repressed, as does independent journalism. The media space is fully controlled by the government, which also banned satellite dishes in 2015 in an attempt to impede foreign media broadcasts into Turkmenistan. The few independent journalists who continue to work in the country are harassed, attacked, and arrested, including local Turkmen employees of Radio Free Europe/Radio Liberty and other international news outlets.

Internet penetration is estimated at 14.9 percent of the population—a figure that places Turkmenistan far below the average for former Soviet states and even 5 percentage points behind Laos, Myanmar, and Nepal. Opposition websites and social-media platforms based outside the country are blocked, although Internet-savvy Turkmen can access them through proxy servers. To prevent the flow of unsanctioned information, the state at times also causes Internet and cellular service outages. The high costs of accessing the Internet and careful monitoring of Internet use in cafés and homes further limits its availability. Given these preclusions, Freedom House does not even provide a rating for Turkmenistan in its Freedom of the Net index.

Corruption remains widespread, encompassing all levels of government and the elite around the president. Foreign investors often have to pay to play, ensnaring

several European companies in international corruption probes. Turkmenistan ranks 154 out of 176 countries in Transparency International's Corruption Perceptions Index. Corruption and poor adherence to the rule of law damage the country's investor climate, as does the government's refusal to allow foreign ownership of equity stakes in upstream oil and gas fields.

Furthermore, Turkmenistan's economy remains centrally planned and tightly controlled by the state. The country is ranked 174 out of 178 countries in the Heritage Foundation Index of Economic Freedom. Only Cuba, North Korea, Venezuela, and Zimbabwe have lower rankings.

A GAS POWERHOUSE FEELS THE PINCH

The Turkmen economy's key sector is energy, mainly gas and oil, which reportedly account for 31 percent of GDP. A decline in hydrocarbon revenues has forced the government to cut back on subsidies, social spending, and public infrastructure. The Asian Development Bank (ADB) has noted a steep slowdown in Turkmenistan's GDP growth, which dropped from 14.7 percent in 2011 to 10.3 percent in 2014, and again to 6.5 percent in 2015, although the country's penchant for secrecy calls into question these and all economic figures. The ADB's growth forecast for 2016 and 2017 is 5.5 percent.

Turkmenistan has the world's fourth-largest natural gas reserves, but its geographic and political isolation limit its ability to export this resource, except to a handful of markets. Its neighbors—Azerbaijan, Iran, Kazakhstan, and Uzbekistan—all have ample supplies of gas of their own and compete with Ashgabat for access to gas markets, as does Russia. These countries generally have more favorable geographic locations for exporting hydrocarbons than Turkmenistan and are concentrating on building their own pipeline

infrastructures to export their gas rather than work out gas transit arrangements with Ashgabat for the transshipment of Turkmen gas to the same markets.

As a result, Turkmenistan has become fully dependent on China for its gas sales, a dependence that has grown from zero in 2007, when the China National Petroleum Company first received a license to explore and extract onshore gas in Turkmenistan. It remains the only foreign company ever to acquire such rights. Ashgabat's reliance on Beijing is based not on gas sales alone but also on Chinese financing for the energy infrastructure that extracts and exports gas via pipeline from Turkmenistan to China. Ashgabat reportedly took out \$8 billion in loans in 2011 and another undisclosed sum in 2013, making Beijing its largest lender.

Chinese companies profit handsomely from these deals. They are actively involved in constructing pipeline and extraction infrastructure, often employing Chinese workers, who have clashed with locals who resent being relegated to secondary positions. In 2009, the China National Petroleum Company dismissed Turkmen workers who protested against wage arrears. Such Chinese practices limit the benefits of gas-industry development for most Turkmen workers.

China's economic influence in Turkmenistan far exceeds that of all other countries. Turkmen exports to China totaled \$8.65 billion in 2014, while exports to Turkey—the country's second most important market—amounted to a mere \$567 million. Ashgabat is paying off its large debt to China by providing Beijing with gas at severely depressed prices. This is clearly seen when one compares the prices of China's two leading providers of gas: Turkmenistan is China's top supplier, reportedly selling Beijing gas at \$185 per 1,000 cubic meters. By contrast, Australia—Beijing's second-largest supplier—sells natural gas in its liquefied form (LNG) to China at \$220 per 1,000 cubic meters.

Beijing clearly enjoys enormous negotiating leverage over Ashgabat. But with Turkmenistan's economy in sharp decline, China has to exercise caution in how it uses that leverage. Reduced inflows into the Turkmen state budget have resulted in a devalued currency, wage arrears, food shortages and rationing, and the cutting of subsidies. The government imposed currency controls as an anticrisis measure, but the move led to inflation and huge black-market trade in dollars.

Unemployment is soaring. Officially, the unemployment rate is 10.5 percent, although unofficial estimates put the real figure at around 50 percent. Underemployment is a vexing problem, particularly in rural areas where many Turkmen are engaged in subsistence farming.

The economic downturn in Turkmenistan has led to growing popular dissatisfaction and occasional outbursts of socioeconomic protest and dissent—rarities considering the oppressive nature of the government. Given its economic equities in Turkmenistan, China should weigh the risks of receiving cheap gas and recouping its loans, on the one hand, versus the potential for social and political instability in the country, on the other.

BEYOND ENERGY

In addition to energy, agriculture—mainly wheat and cotton—is an important sector of the Turkmen economy, employing roughly half of the country's population even though agriculture accounts for only 13 percent of GDP. The World Bank estimates that only 4.1 percent of the country's territory is arable land. Most agriculture occurs on artificially irrigated land—a problem given regional water shortages and the fact that 95 percent of the country's water comes from upstream countries.

Turkmenistan is the only Central Asian state that has increased the amount of land under irrigation since independence. Yet, this expansion of irrigation is primarily for agriculture and has done little to close the gap in providing the population with quality drinking water. Poor water management and outdated infrastructure and irrigation technologies prevent 40 percent of the population from accessing potable water from a reliable source. Even in the capital, infrastructure breakdowns create shortages of drinking water, forcing some residents to use buckets to retrieve a daily supply. Water shortages and climate change will also have long-term negative effects on Turkmen agriculture.

Turkmenistan is Eurasia's second-largest cotton exporter after Uzbekistan, yet the quality of its raw cotton and yield have declined in the post-Soviet era due to poor irrigation and management practices. Forced labor and child labor in cotton fields have led consumer and human rights groups to call for corporate boycotts of Turkmen cotton, and several companies have done so. International clothing retailer H&M has stopped buying Turkmen cotton, and global retailer IKEA has limited its sourcing in Turkmenistan to one supplier, increased training and monitoring of the farms that sell to that supplier, and publicly pledged not to import any product made with Turkmen cotton into the United States or the United Kingdom.

Turkmen agriculture is organized around peasant associations, which farm the vast majority of cultivated land. However, these associations lack the freedom to decide what they can produce. The state instead provides them with orders and requires them to sell their products back to the state. The government has prioritized cotton, wheat, sugar beets, and rice as strategic crops; the latter three are seen as key elements of Turkmenistan's desire to become food secure and rely less on imports from its neighbors.

However, with inflation at 6 percent and the currency losing 19 percent of its value in 2015, food insecurity plagues the population as subsidies dry up, prices for basic goods skyrocket, and purchasing power declines. In November 2016, the government issued an updated law on food security, calling for the agricultural sector to focus on providing basic foodstuffs. The vague new law is likely a response to growing anger in the country over food shortages, but it remains unclear what impact the legislation will have on improving the country's food stocks and alleviating hunger.

Although Berdimuhamedov reopened regional hospitals, the country still cannot provide basic human security for its citizens, which is evident in the country's health statistics. Given food shortages, malnutrition in the country will probably worsen; it likely already contributes to Turkmenistan having the highest child mortality rate in the former Soviet Union. Turkmenistan's infant mortality rate in 2015 rate was 44 per 1,000 births, and the under-five mortality rate—the probability of dying between birth and age five—was 51 per 1,000 births. By comparison, neighboring Iran and Kazakhstan share a much lower infant mortality rate of 13 per 1,000 births, while their under-five mortality rates were 16 and 14 per 1,000 births respectively. Uzbekistan's 2015 infant mortality and under-five mortality rates were also better than Turkmenistan's, at 34 and 39 per 1,000 births.

As with economic figures, the country's secretive nature raises doubts about the accuracy of available health data. Heart disease, tuberculosis, and diarrheal diseases are among the top causes of death in Turkmenistan, which is also a high-burden country for multiple-drug-resistant tuberculosis. According to official numbers, at least 15 percent of new TB cases and 34 percent of repeat cases are multiple drug resistant. An outbreak of hepatitis A in Turkmen schools was reported in November 2016, but the government

lacked adequate stocks of the hepatitis A vaccine. Amid high inflation and a devalued currency, the price of common medicines is skyrocketing, with consumers facing price increases of between 80 and 120 percent in January 2017 alone.

But statistics likely do not tell the whole story, and the public health situation is probably even worse, because Turkmenistan refuses to share recent health and disease statistics—including healthcare expenditure—with the World Health Organization. Turkmenistan rarely reports any new cases of HIV infection, although drug addiction has plagued the country, raising questions about prevalence of the disease. The government has made reducing addiction and combating drug trafficking public priorities. Without verifiable statistics, however, it is unclear whether any of Turkmenistan's health or antidrug policies are bearing fruit.

THE LIMITS OF TURKMEN FOREIGN POLICY

An outlier in Central Asia, Turkmenistan has long resisted the regional trend of pursuing a multivector foreign policy that balances between Russia, China, and the West. Ashgabat instead chose the path of permanent neutrality, a status the UN endorsed in 1995. The goal of this policy was to help the country resist pressure from outside powers, but it also allowed Turkmenistan to justify its relationship in the 1990s and 2000s with Taliban and Afghan drug traffickers. From this period to today, some Turkmen government officials have reportedly been complicit in trafficking drugs and other illicit goods.

Permanent neutrality has helped Ashgabat avoid membership in Russian-sponsored integration projects such as the Collective Security Treaty Organization or the Eurasian Economic Union. Turkmenistan is the only Central Asian state that is not a member of the Shanghai Cooperation Organization. Although Ashgabat did sign up for NATO's Partnership for Peace

program in 1994, its ties to the alliance have mostly been symbolic, particularly during the Niyazov era. By keeping its distance from both Russia and the West, Turkmenistan has prevented itself from becoming an object in any geopolitical tussle between the two. But the stance also means Ashgabat has few defenders in Moscow, Washington, or Brussels, and has little to offer the outside world except its gas.

The end result of Turkmenistan's position has been the perpetuation of an isolated regime that is only partly integrated—through China—into the global economy and international system. The country's reticence to join regional bodies also hampers its ability to deal with transnational issues. This could become a bigger problem as many of the greatest threats to the country's stability—drug trafficking, violent extremism, water shortages, and regional instability—require transnational approaches.

Ashgabat's relationship with Moscow since independence has been strained by frictions over gas pricing and the mistreatment of ethnic Russians in Turkmenistan. Until the Chinese-financed Central Asia–China pipeline opened in December 2009, Turkmenistan's gas exports were highly vulnerable to Russian pressure, with Russian energy giant Gazprom controlling the only pipeline built in the Soviet era to transport natural gas from Central Asia to markets. This made Russia the primary destination for the majority of Turkmenistan's gas exports. As both a producer of natural gas and a pipeline operator, Gazprom, with Kremlin support, long favored exporting its own gas to lucrative markets in Europe. In doing so, the company relegated Turkmenistan to being a gas provider to countries in the former Soviet space—many of which defaulted on payments in the 1990s and early 2000s. Gas-pricing disputes between Ashgabat-based Turkmengas and Gazprom have vexed the Turkmen-Russian relationship ever since.

Russia was once the main export market for Turkmen gas, but a pipeline explosion in April 2009 stopped the transportation of Turkmen gas to Russia for the remainder of the year. Gas exports resumed in 2010, and the two countries agreed that Gazprom would buy Turkmen gas at \$240 per 1,000 cubic meters and either resell it or use it domestically in Russia. Gas prices, however, have since fallen, prompting Gazprom to seek to renegotiate the terms, including through international arbitration. Under pressure from cheaper suppliers of gas, Gazprom drastically reduced the volume of gas purchased from Turkmenistan from 10.5 billion cubic meters (bcm) in 2014 to 4 bcm in 2015.

In January 2016, Gazprom announced it had stopped importing Turkmen gas altogether and would seek \$5 billion in reimbursements through arbitration for having overpaid for inflated Turkmen gas supplies. Until these issues are settled, Gazprom is unlikely to resume imports of Turkmen gas; it has made that clear by launching talks with Uzbekneftegaz about increasing imports from neighboring Uzbekistan—probably a Russian attempt to court new Uzbek President Shavkat Mirziyoyev and pull Tashkent closer to Moscow.

Russia is now trying to increase its role and presence in the region. To this end, Russian Defense Minister Sergei Shoigu visited Ashgabat in June 2016 for talks on weapons sales, security cooperation, Afghan instability, and the threat of the Islamic State moving to the region. Russian government officials and the Russian media often amplify external terrorist threats to Turkmenistan and its neighbors in an attempt to bolster security ties with Central Asian states and justify a greater role for Russia in the region.

Ashgabat has frosty relations with the West. Its relationship with NATO lacked substance until Berdimuhamedov's presidency. However, Turkmenistan's cooperation with the alliance toward the end of

the U.S. presidency of George W. Bush and at the start of that of Barack Obama was facilitated by common concerns over instability emanating from Afghanistan and Turkmenistan's desire to diversify its energy exports through its neighbor to densely populated South Asia. Under Berdimuhamedov, Turkmenistan participated in training programs to improve border security and combat drug and other illicit trafficking from Afghanistan. Turkmenistan had limited participation in the Northern Distribution Network (NDN), through which NATO supplied its International Security Assistance Force (ISAF) in Afghanistan. Ashgabat's participation in the NDN was not all altruistic, as the network was lucrative for elites across Eurasia, including the Turkmen regime.

However, NATO's drawdown from Afghanistan since January 2015 has led to rising instability there, particularly in the Afghan-Turkmen frontier zone in the north of the country. In Afghanistan's Faryab province, which borders Turkmenistan, Afghan security forces struggled in 2015 and 2016 to cope with an uptick of Taliban militants, foreign fighters, and paramilitary forces. The Taliban has also been increasingly active in Afghanistan's Jowzjan, Badghis, and Herat provinces—all of which also border Turkmenistan.

Turkmen security forces have been forced to engage militants, not always successfully, along the 460-mile border. Turkmen border guards have been killed and even reportedly refused to fight back when militants pushed over the frontier, raising questions about the skill level and ability of these forces to protect the state from outside threats. Kazakh President Nursultan Nazarbayev, among others, has highlighted this border as one of Central Asia's weak points, and Russia pledged military assistance after twenty-seven Turkmen soldiers allegedly died in a border skirmish in May 2016.

Turkmenistan's poor military readiness and need for more capable leadership in the armed forces likely played into Berdimuhamedov's October 2015 decisions to appoint the head of the country's security service as minister of defense and to call up reservists to serve in border regions. The government has also launched a rearmament program to modernize its military capabilities.

The West has little leverage to push its agenda in Turkmenistan. The country's bizarre personality-focused political system, dismal democracy deficit, and poor investor climate limit Western economic interest and involvement there. International criticism of the Turkmen government has done little to improve its behavior, in part because the leadership is wary of any attempts by outsiders to meddle in its internal affairs. A decade ago, Washington and Brussels hoped that Turkmenistan could become the easternmost flank of the European Union's Southern Gas Corridor to reduce European states' dependence on Russian energy. Instead, Turkmen gas has found a market in China.

The Russia-Ukraine conflict and reinvigorated EU efforts to find alternative supplies of gas have led to renewed talk of a trans-Caspian pipeline to transport gas under the Caspian Sea from Turkmenistan to Azerbaijan and beyond to Turkey and southern Europe. While such a route would help diversify Turkmenistan's gas exports and Europe's suppliers, there have long been numerous political, financial, and environmental hurdles. The difficult relationship between Azerbaijan and Turkmenistan has improved in recent years, but the two countries have traditionally had acrimonious relations due to a long-standing maritime border dispute, with both countries claiming the same lucrative gas and oil field in the Caspian Sea.

Maritime disputes in the Caspian Sea, fluctuating gas prices, objections from other Caspian littoral states, and the technical difficulties and costs of constructing

a trans-Caspian pipeline remain impediments to its realization. Russia, in particular, strongly objects to any pipeline across the Caspian Sea, as it would provide an alternative to the Russian pipeline infrastructure to transport Central Asian gas to Europe. Neither Ashgabat nor Baku appears willing to test Russia on the trans-Caspian pipeline, nor do they have more than the West's rhetorical backing to do so. Russia's aggressive defense of what it sees as its vital interests in the region, which clearly includes the Caspian Sea, make realizing the pipeline highly unlikely.

Until Turkmenistan halted gas supplies to Iran on January 1, 2017, in a payment dispute for gas delivered between 2007 and 2008, Tehran was the only other importer of Turkmen natural gas, which was delivered through two pipelines—one built in 1997 and the other in 2010. Turkmenistan, however, has received little revenue for these exports. Due to international sanctions against Iran, Tehran paid Turkmenistan through a gas-for-goods barter arrangement—a problem for cash-starved Turkmenistan, given that it was expecting to export \$30 billion worth of gas to Iran over the next ten years. The 2014 international deal on Iran's nuclear program has the potential to transform the trade relationship if the removal of sanctions on Iran eventually allows for direct payments for gas.

However, Iran has enormous gas reserves of its own for its domestic use and export. It has begun tapping these reserves and building up infrastructure to supply northern parts of the country that have depended on Turkmen gas imports with domestic sources, which will eventually negate the need for Turkmen gas in Iran. Given this reality, the collapse of the negotiations on reaching a settlement of the long-standing payment dispute—in which Ashgabat claims Tehran owes it the equivalent of \$1.8 billion in arrears—jeopardizes future gas trading relationships between the two countries. In coming years, Iran aims to become a competitor to Turkmenistan in global gas markets, and its geographic

location—between Europe and South Asia, with access to the Persian Gulf—provides it with easier access than Turkmenistan to key markets.

CERTAINLY NOT A REGIONAL CENTER

The Turkmen government has aspirations to transform the country into a regional hub, connecting Central Asia to the Caucasus via the Caspian, to the Persian Gulf via Iran, and to markets in South Asia via Afghanistan. However, unlike other Eurasian states that border Iran and enjoy extensive trading ties with that country, there is little tourism or shuttle trade between Turkmenistan and Iran, due to the Turkmen government's efforts to keep the country closed to outside influences.

At the same time, Turkmenistan is constructing its leg of the Turkmen-Afghan-Tajik railroad and selling electricity to Afghanistan. In late 2014, Iran, Kazakhstan, and Turkmenistan inaugurated a railroad link connecting Central Asia to the Persian Gulf. However, Turkmenistan has limited trading ties with its neighbors and faces competition from them in its endeavor to become a regional hub: all Central Asian states see themselves as central nodes in a future regional transportation and distribution network and are eager to attract Chinese investment to develop those projects.

Ashgabat is particularly eager to see the construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, a 1,118-mile pipeline capable of transporting 33 bcm of gas per year. Costing an estimated \$10 billion, the proposed pipeline has an uncertain future due to financing difficulties, the deteriorating security environment in Afghanistan and Pakistan, and a lack of interest from major international energy companies. These corporations are hesitant to invest in Turkmenistan because of its poor investment climate and unwillingness to allow them to hold equity stakes in Turkmen gas fields.

The TAPI pipeline's current estimated cost is four times greater than what the Asian Development Bank (ADB) forecast in 2002. The ADB and the Islamic Development Bank have promised to help with financing, but it remains unclear from where the additional funds will come for a pipeline that runs through one of the world's most unstable regions. Parts of the proposed pipeline would go through areas under Taliban control or traverse Pakistan's volatile Balochistan region. That increases doubts about whether construction will proceed and whether the pipeline can ultimately serve as a viable and reliable means to deliver gas to South Asia, particularly as more LNG—including from Qatar—comes online.

Turkmenistan has tried to minimize its ties to many of its Central Asian neighbors, although its desire to be a regional hub has created opportunities for increased trade and transportation linkages. Turkmenistan cooperated with Uzbekistan and Kazakhstan in the Central Asia-China pipeline, and Turkmen gas now transits both states on its way to China. The promise of a lucrative windfall to all three states from that pipeline has led to improved relations with both. In big regional arguments—such as water shortages—Turkmenistan has clashed with upstream Kyrgyzstan and Tajikistan over their plans to increase hydroelectricity output and construct dams.

A BLEAK FUTURE

Turkmenistan's bizarre system of governance has left the country isolated economically, politically, and culturally. It has been the most stagnant state in the former Soviet space for the past twenty-five years. The Turkmen government continues to isolate its citizens from all outside influences, but the costs of this isolation are high. Turkmenistan faces multiple external threats and has limited capacity to manage them. Those threats include water shortages and climate change, food security, rising instability in Afghanistan, a Russia

that is willing and able to intervene in neighboring states to defend its interests, and a West that shows less and less interest in the country. Deeply in debt to China, Turkmenistan is in a subservient position to Beijing as a supplier of gas at a steep discount to the world's second-largest economy. Ties with Iran are tense, and relations with the region's other important players—Azerbaijan, Kazakhstan, and Uzbekistan—appear stable but are far from warm.

Turkmenistan's economic situation will most likely continue to decline due to a prolonged lull in hydrocarbon prices, growing competition in global gas markets, and an irrational fear of opening up to the outside world. Turkmenistan's elite has mismanaged and squandered much of the country's resources,

leaving it cash starved. The Turkmen government can no longer afford to placate the population with generous subsidies, and the social safety net has collapsed, raising questions about basic human security.

Niyazov's dismantling of the Soviet education system and his frequent purges of the government and political elites have lowered the skill level of the country's technocrats, leading to a shortage of qualified workers capable of managing Turkmenistan's growing internal and external problems. It is a sad legacy that endangers the country's long-term stability and will plague its future for years to come.

This material is based on work supported by the Norwegian Ministry of Foreign Affairs.

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

The Carnegie Endowment for International Peace is a unique global network of policy research centers in Russia, China, Europe, the Middle East, India, and the United States. Our mission, dating back more than a century, is to advance the cause of peace through analysis and development of fresh policy ideas and direct engagement and collaboration with decisionmakers in government, business, and civil society. Working together, our centers bring the inestimable benefit of multiple national viewpoints to bilateral, regional, and global issues.

© 2017 Carnegie Endowment for International Peace. All rights reserved

Carnegie does not take institutional positions on public policy issues; the views represented herein are the author's own and do not necessarily reflect the views of Carnegie, its staff, or its trustees.



@CarnegieEndow



facebook.com/CarnegieEndowment

