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EXTERNAL RELATIONS DIRECTORATE GENERAL

**Round Table on
Access of Turkmen Energy Carriers to External Markets**

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Ashgabat, Turkmenistan

Opening Statement

by Mr. Kurt JUUL
Head of Unit for Central Asian Republics and Southern Caucasus

Directorate General for External Relations
European Commission

Deputy Chairman,
Mr.Minister,
Your Excellencies,
Secretary General EEC,
Ladies and Gentlemen

I am particularly honoured to be present here in Ashgabat in this distinguished gathering to present the European Commission to discuss with you the issue of energy policy and cooperation for the development of the hydrocarbon resources of your rich country and particularly their access to external markets.

I would like first to thank the President of Turkmenistan and its Government for hosting this important meeting, as well as for all the efforts made by the authorities for ensuring the best possible arrangements for the Round Table. I would like in particular to thank Mr. Deputy Chairman of the Cabinet of Ministers Mr. Yolly Gurbanmuradov, who has supervised the organization of this event. My sincere thanks to the Minister of Oil and Gas Industries, Mr.Pudakov and his staff for the excellent preparation and support.

Energy cooperation between Turkmenistan and the European Union dates back to the early days of Turkmenistan's independence. After more than a decade, much progress has been achieved in the sector. A number of reforms, which are still in process, have enabled Turkmenistan to face successfully a key challenge for the country, namely to ensure the most pressing energy needs of its own population met.

On the other hand for the development of oil and gas resources of the Caspian Basin, billions of euros have been invested by international companies in collaboration with the national companies of the main producing countries, Russia, Iran, Azerbaijan, Kazakhstan and of course Turkmenistan. In addition to the existing infrastructures for transport of hydrocarbons, new ones have been developed, allowing these resources to be exported in growing volumes to the European Union and other to other international markets. We consider the Caspian Basin as one of the most promising areas for supply of hydrocarbons in particular to the EU. The energy resources endowed to the countries of the Caspian Basin, including Turkmenistan are also of the utmost importance to their own sustainable economic and social development.

Today, we propose to take a fresh look at the Caspian Basin. New economic and political realities have emerged. The European Union has enlarged, welcoming ten new countries in 2004, and making the internal market of the EU the largest in the world. In a further important development, the EU decided at the end of 2004 to engage in accession negotiations with Croatia and Turkey. Accession negotiations are already underway with Romania and Bulgaria. The new challenge which we will have to face is to prepare for the close integration of our markets. The EU already has moved closer to the Caspian Basin with recent enlargement, and will further continue this trend in the coming year.

From a political perspective, energy has always been linked to security issues. The recent geopolitical events have pushed the security of energy supplies even higher on our agenda. In this context, the cooperation between the European Union and the countries of the Caspian Basin is of interest to the producer countries such as Turkmenistan, and transit and consumer countries alike. It is therefore in our mutual interest to develop our cooperation towards a closer and more efficient integration of our energy systems and markets.

What recent actions have we undertaken from the EU side? The European Commission convened a Ministerial level Energy Conference with the countries bordering the Caspian Sea and EU Neighbouring countries, in November 2004 in Baku. This Conference has helped give fresh political orientations to enhance our energy relations and cooperation with the Caspian Basin. Conference participants agreed on the mutual interest for working on four key issues:

- supporting the gradual development of regional energy markets in the Caspian Littoral States and their neighbouring countries,
- enhancing the attraction of funding for new infrastructures,
- embarking on energy efficiency policies and programmes,
- making progress towards a gradual integration between the respective energy markets and the EU single market.

The Conference also acknowledged the importance of further developing the cooperation in the domain of energy aiming at:

- progressively approximating the legal and technical standards,
- enhancing the safety and security of energy supplies,
- promoting the financing of commercially and environmentally-viable energy projects of common interest,

To help achieve these objectives, it was agreed to create four Joint Working Groups of Experts which the European Commission is presently organising and in to which we expect that Turkmenistan will make a substantial contribution. The European Commission has in this context committed itself to review and upgrade its cooperation instruments and activities in the energy sector to follow on in a concrete way the results of these discussions. In particular a review of INOGATE and TRACECA cooperation programmes will be forthcoming in this context.

Further to the Ministerial meetings on energy and transport with countries around the the Caspian Sea, the European Commission would like to deepen relations with Central Asia at a political level on a range of important issues including energy. If successful, this would raise importance also of the dialogue with Caspian Basin countries.

All these objectives are also – we believe – complementary with the Energy Charter Treaty process and I am very pleased to be here together with the Energy Charter Treaty Secretariat.

Let me conclude with what I see to be the main aim, namely to discuss further with the participants of this Round Table how we can make concrete steps forward with Turkmenistan in these fields, precisely with a view to promote cooperative arrangements both on a closer integration of energy markets but also with EU companies for developing oil and gas supplies to our markets. As I said earlier the border of the single EU market is moving closer to Turkmenistan and this should oblige us to take a fresh look at the opportunities for cooperation. I hope this Round Table will bring us a step further in this direction.

Thank you.