

Turkmenistan Faces Unprecedented Challenges in 2015



Turkmen President Gurbanguly Berdimukhammedov at a signing ceremony in Budapest on June 18, 2014. (ATTILA KISBENEDEK/AFP/Getty Images)

Summary

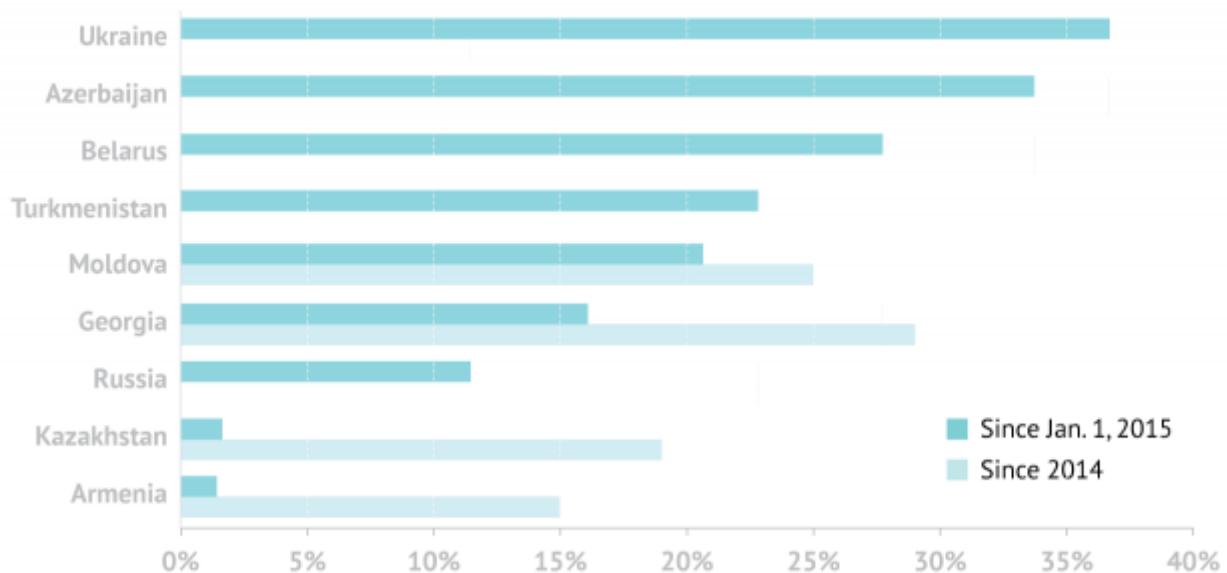
Like most former Soviet countries, Turkmenistan has seen a significant devaluation of its currency and is facing growing economic pressures. These pressures have increased the potential for unrest in the country, where protests have historically been uncommon compared to its Central Asian neighbors. While the Turkmen government is still one of the most secure in the region and is unlikely to fall, it will face unprecedented economic and security challenges this year. This difficult domestic climate will also make Ashgabat more cautious in its foreign policy as it remains alert for signs of Russian meddling, undermining Turkmenistan's willingness to participate in Western-oriented projects such as the Trans-Caspian natural gas pipeline.

Analysis

Turkmenistan has often stood apart from its neighbors in Central Asia. Unlike Kazakhstan, Kyrgyzstan and Tajikistan, Turkmenistan is not strategically aligned with Russia and has maintained an official foreign policy of neutrality. It has also been spared the instability that has plagued its region since the collapse of the Soviet Union. [Kyrgyzstan](#) has experienced two revolutions within the past decade, and Tajikistan still suffers from [volatile internal divisions](#) that have lingered from the country's 1992-1997 civil war. Uzbekistan and Kazakhstan have also seen violent protests in the cities of Andijan and Zhanaozen, respectively. With the sole exception of Turkmenistan, all Central Asian countries have been attacked by Islamist militants, who were most active in [the Fergana Valley](#) in the late 1990s and early 2000s but launched [a string of attacks in Kazakhstan](#) as recently as 2011.

Several factors underpin Turkmenistan's unique position in Central Asia. The first is the country's status as a major producer and exporter of natural gas. Turkmenistan exports 44 billion cubic meters of the 77 billion cubic meters of natural gas it produces each year. Though Kazakhstan and Uzbekistan are also significant energy producers, Turkmenistan has a much smaller population, only 5.2 million people, compared with Kazakhstan's 18 million and Uzbekistan's 30 million. This has allowed the Turkmen government to concentrate its resources among a small class of elites with relatively few public outlays, resulting in a strongly centralized political system backed by a pervasive security apparatus. The country's relatively small size and [geography](#) — mostly desert, which has forced its population to concentrate along two rivers — have also enabled the government to keep dissent in check more effectively than neighboring countries. All of these factors have helped Turkmenistan to become an extremely closed country in which there are no serious opposition parties and media and foreign influences are tightly controlled.

LOSS IN CURRENCY VALUE COMPARED TO THE U.S. DOLLAR



Source: Oanda

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Still, Turkmenistan is not completely immune to regional trends and dynamics. Like most former Soviet countries, Turkmenistan has faced growing economic pressure amid falling energy prices and the spillover effects of international sanctions on Russia. The country devalued its national currency, the manat, by 19 percent on Jan. 1, largely because the price of Turkmen natural gas exports are linked to the price of oil, which has lost over half its value over the past year. Russia has also announced plans to cut its 2015 imports of natural gas to 4 billion cubic meters, down

from 10 billion cubic meters in 2014. Turkmenistan has thus joined the ranks of other former Soviet countries experiencing poor currency performances this year because of their reliance on energy production or because they are tightly linked to the Russian economy.

Ashgabat's Response

The Turkmen government has officially downplayed the gravity of the country's economic challenges; the Turkmen Ministry of Economy and Development recently reported a 10 percent year-on-year growth in gross domestic product for the January-February period. However, there have been other indications that call this optimism into question. Chronicles of Turkmenistan, an independent website, reported March 12 that six major Turkmen business leaders and their families have fled the country since the start of the month, allegedly in response to the government's increasing pressure on them to pay "tributes." The government has made no official response to the report so far, but if it is true, it could be a worrying sign of worse things to come for the country's economy.

The Chronicles of Turkmenistan article came alongside other reports on March 16 of a major crackdown in the southern city of Tejen, where authorities arrested some 80 people in February. While some sources say these arrests were of suspects with links to the Islamic State or the Taliban who were planning acts of terrorism, others say the detainees were planning protests against rising food and merchandise prices in Turkmenistan. Though the government once again issued no official reaction to these reports, official Turkmen media published a new law signed by President Gurbanguly Berdimukhammedov that allows for "peaceful" public demonstrations starting July 1. The law bans the organization of rallies by "any parties, groups or religious organizations whose activities have been suspended or are banned by the laws of Turkmenistan," as well as any rallies within 200 meters (about 660 feet) of government buildings. This law, combined with the reported crackdown in Tejen, could indicate that Ashgabat is becoming increasingly concerned about the possibility of demonstrations or unrest in the current economic climate.

The Turkmen government is still one of the most secure in the region and even the broader former Soviet space. It does not face the major challenges related to ethnic divisions that Kyrgyzstan does, though the Turkmen government does carefully balance the country's strong clan identities. Having undergone its own relatively stable transition in 2006, the country also does not face the looming succession problem that Kazakhstan and Uzbekistan do. Finally, Turkmenistan does not have a deeply ingrained protest culture, and the government has shown that it is willing to crack down to prevent significant demonstrations from arising. And though the country could face a rising security threat from the increasing militant presence on its border with Afghanistan, the Turkmen government is likely to use this threat to justify additional security and political tightening on any dissent within Turkmenistan's borders.



That said, the fragile economic climate will have important repercussions for Turkmenistan's foreign policy. The European Union has been courting Turkmenistan and Azerbaijan to encourage their participation in Southern Corridor energy projects, including [the Trans-Caspian pipeline](#), to weaken Europe's dependence on Russian energy. Turkmenistan has participated in several meetings over the past few months with EU, Azerbaijani and Turkish officials pursuant to this end. However, Russian opposition has long prevented Turkmenistan from making concrete moves on the Trans-Caspian pipeline, and Moscow has used legal and maritime disputes over [the Caspian Sea](#) to undermine its construction, which would seriously compromise Russia's position as an energy supplier for Europe.

Russia's stumbling economy and standoff with the West over Ukraine have put it in a weak position that has seemingly created an opening for Turkmenistan to look to the West for energy projects. But Russia retains considerable influence over Turkmenistan, particularly through its military bases in Kyrgyzstan and Tajikistan as well as its social and political connections within Turkmenistan. Ashgabat's growing concern about its internal economic and security situations will give Moscow yet another lever to use against the Turkmen government, which is already wary of any projection of power by external actors because of the country's small size and location. Therefore, although the heightened risk of instability in Turkmenistan does not seriously threaten the government's survival, it will make Ashgabat act more cautiously in its foreign policy, diminishing the prospects of Turkmen participation in Southern Corridor energy projects for the time being.

Mar 24, 2015

Источник: <https://www.stratfor.com/sample/analysis/turkmenistan-faces-unprecedented-challenges-2015>