



LATEST DEVELOPMENTS IN TURKSTREAM NATURAL GAS PIPELINE

Turkey is an important country that functions as a bridge in the transportation of energy resources between producer and consumer countries. The TurkStream natural gas pipeline project, which targets the European market, strengthens the position of Turkey by transferring the Russian gas via the Black Sea to Turkey and then to Europe. The pipeline starting from Russia's Anapa, by moving 930 kilometers under the Black Sea, from the Thrace coast, reaches Turkey. The project, by connecting natural gas reserves in Russia to Turkey's natural gas distribution network directly, aims to create a reliable energy supply for Turkey, South and Southeast Europe. The sea part of the line consists of two lines running parallel to each other from the Black Sea. Each of the pipelines has a capacity of 15.75 billion m³ in total 31.5 billion m³ where the first line goes to Turkey and the second line would transport natural gas towards Europe. The total cost of the project has been stated as 7 billion dollars.

For the realization of the project, on December 1st, 2014, Russia's Gazprom and Turkey's Botas Petroleum Pipeline Corporation have signed a mutual memorandum of understanding about the TurkStream project. However, the technical, economic and legal framework of the project was determined by the intergovernmental agreement signed between the Government of the Republic of Turkey and the Government of the Russian Federation within the scope of the 23rd World Energy Congress held in Istanbul on October 10th, 2016. The project that would provide a total of 31.5 billion m³ of natural gas flow with the memorandum signed

between Gazprom and Botas is expected to be of key importance for EU countries, as well as for Turkey and Russia, in terms of ensuring energy supply security.

Turkey's natural gas imports recorded a decrease of 8-10% on average from 2017 to 2019. According to the reports of the Energy Market Regulatory Authority (EMRA), in 2019, natural gas imports were made mostly from Russia with a rate of 33.61%. Also in 2018, Russia has become Turkey's largest natural gas imports partner with 46.95%. When we compare this number with previous years, the share ratio, which was 55.31% in 2015, has been decreasing over the years to 52.94% in 2016 and 51.93% in 2017. In fact, the reason for this reduction was the debate on gas prices that began in 2015 between Russia and Turkey. Botas's request for a 10.25% discount from Gazprom has affected the amount of natural gas supplied to Turkey at a certain time. However, according to media reports in 2018, Gazprom agreed to payback Turkey more than 1 billion dollars for gas supplied to Turkey in 2015 and 2016.

According to Gazprom's May 2019 report, despite Turkey's decline in natural gas imports from Russia, Turkey is the world's third-largest Russian natural gas consumer, after Germany and Italy. Turkey's top three natural gas imports are Russia with 15.196 million m³, Azerbaijan with 9.585 million m³ and Iran with 7.736 million m³ respectively. Turkey, which is heavily dependent on energy, is successfully continuing to reduce Russia's share of this dependence by turning to alternative pipelines. In this regard, Azerbaijan's launch of natural gas delivery to Turkey via the Trans Anatolian Natural Gas

Pipeline (TANAP) from Shah Deniz-2 on June 30th 2018 also played an important role. Approximately 1.25 billion m³ of gas was transported through the TANAP pipeline from June 30th 2018 to February 28th 2019. This number reached 3.7 billion m³ by the end of 2019 and at the end of 2020 the figure reached 8.4 billion m³. Within the framework of the TANAP and Southern Gas Corridor project, the European Union and Turkey are trying to reduce their natural gas dependence from Russia. Turkey's focus on Iran and Azerbaijan as an alternative to Russian natural gas is disturbing Moscow and therefore raising its expectations from the TurkStream natural gas pipeline.

On January 27th 2020, the TurkStream carried out the first 1 billion m³ natural gas supply, 54% of which was delivered to the Turkish natural gas market and 46% to the Turkish-Bulgarian border. Gazprom is currently supplying natural gas to Serbia and Bosnia-Herzegovina through TurkStreams's operating line and with the completion of the pipeline in Hungary in the last quarter of 2021, the second line is expected to be operational. The fact that Turkey has temporarily stopped the flow of natural gas for the maintenance of the pipelines on its own shows the importance of Turkey in this project.

As a result, the TurkStream project strengthens Turkey's central position in the region's energy markets and maintains the advantage of being an influential country in international energy policies as a bridge between Russia and Europe. For Russia, the rapid launch of the TurkStream project is important in terms of leaving Ukraine out of the project by providing natural gas supplies to Turkey and Europe.

Politics, Foreign Affairs, and Security

- Moscow hosted a session of the general staff of the armed forces of the Collective Security Treaty Organization member states. Participants of the session discussed challenges and threats to military security in the regions of Eastern Europe, Caucasus and Central Asia. They reaffirmed their common stance on threats to military security. In 2021, the member countries will have four joint exercises covering the Central Asia collective security region within the framework of the strategic exercise Combat Brotherhood 2021 (BelTA, 14.04.2021).
- The President of Azerbaijan Ilham Aliyev received the head of Belarus Alexander Lukashenko in Baku. The leaders discussed several issues of bilateral cooperation, including the restoration of Karabakh. During a ceremony attended by the two leaders, several Memoranda of Understanding were signed between the Ministries of Agriculture and Foreign Affairs of Azerbaijan and Belarus (Anadolu Agency, 15.04.2021).
- Deputy Foreign Ministers of Central Asian states and China held an online meeting to exchanged views on the preparation for the second ministerial meeting within the “China + Central Asia” framework to be held in the first half of May, 2021 in China’s Shaanxi. Discussing the draft documents proposed for consideration during the next meeting, the participants noted that Central Asian states and China are friendly neighbors with high political mutual trust and expanding mutually beneficial cooperation. The Ministers praised the approaches of China in combatting the COVID-19 pandemic and supported the synergy between the Belt and Road Initiative and the development goals of Central Asia. (Asia-Plus, 14.04.2021).
- The Minister of Foreign Affairs of Tajikistan Sirojiddin Muhiddin had a meeting with Sweden’s Foreign Minister and the OSCE Chairperson-in-Office, Ms. Ann Linde in Dushanbe. The parties discussed a wide range of issues, including bilateral cooperation between the two countries and Tajikistan’s interactions with the OSCE. They also considered regional security issues and the situation in Afghanistan. The Ministers agreed to deepen political and economic cooperation in the fields of post-pandemic recovery, climate change and the fight against terrorism and extremism (Asia-Plus, 15.04.2021).
- The NATO countries and the EU issued statements supporting new US sanctions against Russia. The statements condemn Russia’s attempts that demonstrate a sustained pattern of destabilizing behavior and violations of Ukraine’s and Georgia’s sovereignty, which constitute a threat to Euro-Atlantic security. The statements also underline NATO’s openness to meaningful dialogue and constructive relationship with Russia when Russia’s actions make that possible (Apsny.ge, 15.04.2021).
- St. Petersburg hosted the international parliamentary forum “Global Challenges and Threats in the Context of the COVID-19 Pandemic”. The event was attended by speakers of parliaments, intelligence officers, representatives of international organizations of the CIS. The participants discussed the negative impacts of the pandemic and terrorism on all areas in many countries and exchanged information on cooperation and taking measures to combat terrorism and extremism (Sng.today, 15.04.2021).

Economy, Finance, and Energy

- The automotive industry of Kazakhstan demonstrated a record volume of production and exports. In the first quarter of 2021, it produced around 20 thousand cars, buses and special equipment. Exports amounted to two thousand vehicles increasing by 84%. Production revenue of the sector reached almost \$326 million. Membership in the Eurasian Economic Union (EEU) stimulates automobile manufacturers to increase their share of local production in Kazakhstan and exports to the EEU markets as well. Automotive producers recently launched several export-oriented local manufacturing centers and plants for the production of agricultural and other machinery (Qazaq TV, 16.04.2021).
- According to the Deputy Chairman of the National Statistics Committee of Kyrgyzstan Azamat Orosbayev, Kyrgyzstan’s foreign trade figures demonstrated a substantial decline during January-February 2021. The volume of foreign trade in goods equaled \$800 million, which is 18.3% less than in the same period of 2020. Exports of the country declined by 25.5%, while the decrease in imports was lower and amounted to 15%. Kyrgyzstan’s trade with the Eurasian Economic Union countries was equal to \$393 million decreasing by almost 13% (Kabar.kg, 13.04.2021).
- Kazakhstan and Uzbekistan aim to increase bilateral trade to \$10 billion through construction of the International Center for Trade and Economic Cooperation “Central Asia”. The Prime Ministers of both states recently laid a capsule at the construction site and inked a protocol on joint actions for the development of railway transport. It is expected that the total area of the center would comprise 400 hectares and its daily capacity would equal to 35 thousand people and 5 thousand trucks in both directions (UzReport, 12.04.2021).
- Authorities of Azerbaijan had a meeting with representatives of the World Bank and the International Finance Corporation. The country’s Energy Minister Parviz Shahbazov spoke about the country’s wind energy potential and “green energy” concept. The country plans to increase the share of renewable energy sources to 30% by 2030. Azerbaijan’s Energy Ministry and the International Finance Corporation agreed to sign a memorandum of understanding on the development of wind energy (AzerNews, 12.04.2021).
- Tajikistan, Uzbekistan and Kyrgyzstan plan to deepen inter-regional cooperation. Authorities and business circles of Tajikistan’s Sughd region and Kyrgyzstan’s Batken oblast met in Uzbekistan’s Fergana region to participate in a trilateral business forum entitled “Integration of Border Regions - the Key to Development”. The parties discuss industrial and agricultural cooperation. The representatives of Kyrgyzstan and Tajikistan visited an exhibition of products of Fergana region manufacturers (Asia-Plus, 14.04.2021).
- The business sector of Turkmenistan demonstrated substantial growth during the first quarter of 2021. According to the country’s State Statistics Committee, the number of new firms increased by more than 44% compared to the same period of 2020. The number of new companies in the agricultural sector surged by 88%, while growth in the manufacturing sector exceeded 53%. The growth of private companies led to further reduction of the market share of the state-owned enterprises (Orient, 15.04.2021).

Society and Culture

- The development and expansion of ties between the Turkic Culture and Heritage Foundation and Kyrgyzstan was discussed at the meeting between the President of Foundation Gunay Afandiyeva and the Minister of Culture, Information, Sports and Youth Policy of Kyrgyzstan Kairat Imanaliyev. The parties discussed the current work done by the organization and the projects that are being carried out. Minister Kairat Imanaliyev expressed the readiness of Kyrgyzstan to cooperate in implementing projects of the organization (Azernews.az, 13.04.2021).
- Nine historical and cultural sites in Tajikistan were inscribed in the UNESCO World Heritage Tentative List. The list includes the site of the ancient town of Hisorak, Tali Hamtud, Ancient Pyanjekent, the site of the ancient town of Sanjarskhokh, Kalai Mug, Kum, Gardani Hisor, Hoja Muhammad Bashoro Mausoleum and Toxankorez irrigation system. The event became a significant contribution to the recognition of Tajikistan’s rich cultural legacy. It will also improve its touristic attractiveness in the future (Centralasia.news, 15.04.2021).
- The U.S. Agency for International Development (USAID) organized a two-day webinar, “Women in Crafts: Opportunities for Connectivity and Digital Trade” for women artisans and handicraft producers in Afghanistan and Central Asia. Over 100 female artisans and handicraft producers, representatives from business women associations, non-governmental organizations from Central Asian states attended the webinar. The main purpose of the event was to better understand market demand and help women artisans in organizing their businesses (Tm.usembassy.gov, 12.04.2021).
- The Embassy of Kazakhstan in Japan organized an inaugural meeting of the Association of Kazakhs in Japan. The association is the first public organization to be established in Japan to bring together the Kazakh nationals and ethnic Kazakhs living in the country to promote cooperation between entrepreneurs as well as the implementation of cultural and humanitarian projects. During the opening ceremony, the Association of Kazakhs in Japan signed a Memorandum of Cooperation with “Otandastar” (Compatriots) Foundation (Kabar.kg, 16.04.2021).
- South Korea’s largest postal operator Korea Post issued commemorative stamps dedicated to the 30th anniversary of Kazakhstan’s independence. Some of the stamps were sent to the collection of the museum of the Korea Post. The initiative was made possible thanks to the collaboration between the Embassy of Kazakhstan in the Republic of Korea and Korea Post as part of the celebration of the 30th anniversary of the independence of Kazakhstan (Kazinform, 15.04.2021).
- The Afghan Ambassador to Azerbaijan Amanullah Jayhoon met with the Minister of Culture of Azerbaijan Anar Karimov. The sides noted that the fraternal ties between the two countries contributed to the development of bilateral relations between Azerbaijan and Afghanistan in many fields. Discussing the prospects for future cooperation between the two countries, the parties, however, noted the untapped potential of cultural cooperation and stressed the importance of holding joint culture days (Azernews.az, 12.04.2021).