



GLOBAL WITNESS

Europe should help Turkmenistan shed light on dead dictator's gas billions

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The new president of Turkmenistan, Gurbanguly Berdymukhamedov, makes his first official visit this week to the European Union since the death last year of the dictator Saparmurat Niyazov, whose opacity and 21-year misrule turned his gas-rich country into Central Asia's version of North Korea.

As Turkmenistan opens up its vast gas reserves to international investment, the European Union must help the new government dismantle the opaque system of offshore bank accounts created by Niyazov, which sucked up billions of the country's gas dollars and kept them out of sight of Turkmen citizens.

In April 2006, Global Witness published a report entitled "It's a Gas" which revealed Turkmen bank accounts at Deutsche Bank in Frankfurt, thought to contain more than \$3 billion in oil, gas and cotton revenues. In theory these were state accounts, but in practice they were controlled by Niyazov himself. It appears that none of this money was recorded in Turkmenistan's budget.

Berdymukhamedov, who took power after Niyazov's sudden death in December 2006, has announced that an entity called the 'International Fund of Saparmurat Niyazov' will be closed and audited by a special commission. However it is not yet clear what money he is referring to. In correspondence with Global Witness in July of this year, Deutsche Bank stated that it had no relationship with a fund of that name. Berdymukhamedov has also announced that information on public spending, kept secret under Niyazov, will be available to citizens for the first time.

The European Union has just launched a new Central Asia strategy which offers help to the region's countries to create "stable, just and open societies." Yet many countries are keen to exploit Turkmenistan's reserves of natural gas; the UK government recently signed a memorandum of understanding with Turkmenistan regarding cooperation in the energy sphere. It is unclear at this stage whether the memorandum includes any support by the UK government for good governance and transparency in the notoriously corrupt Turkmenistan.

"If the European Union is serious about helping Turkmenistan to escape the legacy of Niyazov's dictatorship, then it could start by offering to fund an independent audit of Turkmenistan's public finances, including all the overseas bank accounts, and to publish the results," said Global Witness campaigner Tom Mayne.

"At the same time, European and other Western companies that plan to invest in Turkmen gas should pledge to publish any payments that they make to the Turkmen government in future, so that all the money can be properly accounted for."

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