The Moscow Times
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Turkish Companies to Lodge Claims Against Turkmenistan

By The Moscow Times

July 18, 2011



St. Pete Governor Valentina Matviyenko opening a road in Turkmenistan.

ANKARA, Turkey — A group of Turkish companies are preparing to seek legal action against Turkmenistan in a bid to recover what they say is more than $1 billion in unpaid bills for construction work in the Central Asian country, the group's spokesman said Wednesday.

The move comes despite Turkey's efforts to try to settle the dispute with Turkmenistan through diplomatic channels. Turkmenistan is an important trade partner and a country with which Turkey has close cultural ties.

In May, President Abdullah Gul traveled to the Turkmen Caspian seaside resort of Avaza to try to recover the debt and head off complaints by Turkish companies that have played a leading role in transforming the capital Ashgabat from a sleepy post-Soviet backwater into a city of soaring marble-clad government offices and apartment blocks. Turkish companies have also been active in building hotels in Avaza.

Irfan Dolek, who represents some 20 Turkish construction companies operating in Turkmenistan, said he has held two rounds of unsuccessful talks with aides of Turkmen President Gurbanguly Berdymukhammedov to resolve the issue, following Gul's visit.

The companies were now preparing to file complaints with the International Center for Settlement of Investments Disputes, joining four Turkish companies that already have already filed, he said.

"We don't want an international scandal but many of the companies are on the brink of bankruptcy," Dolek said.

At a Cabinet meeting on June 3, Berdymukhammedov said some 600 Turkish companies had undertaken projects worth $24 billion in Turkmenistan.

"In the years of the global economic crisis, we punctually and regularly paid for all the work carried out by our Turkish partners," he said.

Turkmen government revenues were reportedly badly hit in 2009, when Russia stopped buying the country's gas following a pipeline explosion for which both sides denied responsibility. China has since stepped in to buy large amounts of gas, but the Turkmen government will likely face strained financial conditions over the next few years as its borrows and spends billions on developing its large energy reserves.

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