 **The
Pakistan
Business
Council**

FOSTERING ECONOMIC GROWTH
(A Company set up under Section 42 of the Companies Ordinance 1984)

2017 Turkmenistan Country Profile

THE CENTRAL ASIA COUNTRY SERIES



Turkmenistan Country Profile

November 2017

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The Pakistan Business Council: **An Overview**

The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 (now 62) of Pakistan's largest private-sector businesses and conglomerates, including multinationals. PBC businesses cover nearly all sectors of the formal economy. It is a professionally-run organization headed by a full-time chief executive officer.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. Though it is not required under the law to do so, the PBC follows to the greatest extent possible, the Code of Corporate Governance as applicable to listed companies.

The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with the relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC's **Founding Objectives:**

The major objectives of the PBC as stated in its founding documents are:

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and field works for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

More information on the PBC, its members, and its workings, can be found on its website: www.pbc.org.pk

The PBC's Member Companies

 Abbott A Promise for Life	 AkzoNobel	 Allied Bank	 Artistic Milliners	 Atlas
 Bank Alfalah Limited	 CHERAT CEMENT	 Coca-Cola	 COLGATE-PALMOLIVE	 Dawood Hercules
 DESCON	 efu	 The Legend Leads... English Biscuit Manufacturers	 engro corp	 engro foods
 faysabank	 FEROZSONS LABORATORIES LIMITED	 GATRON	 Getz pharma	 gsk GlaxoSmithKline
 gsk GlaxoSmithKline Consumer Healthcare	 GulAhmed TEXTILE MILLS LIMITED, KARACHI	 HBL	 HASCOL	 HUBCO
 ICI PAKISTAN	 interloop	 INTERNATIONAL INDUSTRIES LTD.	 INDUS GROUP	 TOYOTA DAIHATSU INDUS MOTOR COMPANY LIMITED
 JDW	 KE KARACHI TEXTILE MILLS LTD.	 LOTTE	 LUCKY CEMENT	 MEGA MEGA CONGLOMERATE

The PBC's Member Companies

 <p>Millat Tractors Ltd</p>	 <p>National FOODS SINCE 1970</p>	 <p>Nestlé</p>	 <p>NISHAT MILLS LTD</p>	 <p>Martin Dow <i>Pharmaceuticals for a Changing World</i></p>
 <p>PACKAGES Limited</p>	 <p>pakarab FERTILIZERS LIMITED</p>	 <p>optel hello to the future</p>	 <p>PAKISTAN TOBACCO COMPANY</p>	 <p>PHILLIPS MORRIS INTERNATIONAL</p>
 <p>Reckitt Benckiser</p>	 <p>SAIF GROUP</p>	 <p>Sapphire</p>	 <p>SIGPA</p>	 <p>SIEMENS</p>
 <p>Soneri Bank</p>	 <p>SOORTY <i>World Of Zain</i></p>	 <p>HUTCHISON PORTS PAKISTAN South Asia Pakistan Terminals</p>	 <p>Standard Chartered</p>	 <p>SPEL Synthetic Products Enterprises Limited</p>
 <p>TAPAL</p>	 <p>TCS <i>WE MOVE YOU</i></p>	 <p>PROTECTS Tetra Pak WHAT'S GOOD</p>	 <p>TPL Holdings <i>Tomorrow Delivered Today</i></p>	 <p>Tufail Chemical Industries Limited</p>
 <p>UBL</p>	 <p>Unilever</p>			

Executive Summary

As part of its initiative to introduce Pakistani traders and industrialists to non-traditional markets, the Pakistan Business Council (PBC) has initiated a series of five Country Profiles highlighting the opportunities in the Central Asian Republics. This Country Profile covering Turkmenistan is the third in the series.

Turkmenistan is located in Central Asia, and is bordered by Iran, Afghanistan, Uzbekistan, and Kazakhstan. It has a total area of 488,100 km², and a population of 5.66 million (2016), majority of whom are Muslims. It is also home to a number of tourist sites such as the Karakum Desert, Monument of Neutrality, and the ancient city of Nisa.

Following the dissolution of the Soviet Union, Turkmenistan declared independence on October 27, 1991, and Saparmurat Niyazov became the first President of Turkmenistan. The post-independence years comprised of important events such as the approval of the constitution (1992), and introduction of the national currency, the Turkmen Manat (1993). After Niyazov's death in 2006, Gurbanguly Berdimuhamedow took office as the acting president, and formally came to power on February 11, 2007. Berdimuhamedow was re-elected in 2011, and again in 2017.

The first few years after independence witnessed fluctuating GDP growth rates due to low agricultural production, and import dependency for food. Government measures such as "10 years of stability (1990-2000)" for agricultural development, growth in private sector, increased exports, and investments helped stabilize the economy.

Turkmenistan's industrial sector generates 47.70% of the GDP, while services and agriculture contribute 39.20% and 13.20% respectively. Trade plays a vital role in the economy with natural gas as the main export item. This, however, puts the economy at risk in case of changing global energy prices. Over the years, trade has been facilitated by Turkmenistan's international transport system (gas pipelines, international seaport, and railways) and agreements with trading partners. Oil, gas, agriculture, and construction are the main sectors for foreign direct investments, although FDI in the country remains low. The inflation rate in 2016 was 6.17 percent, and unemployment stood at 8.62 percent.

Trade contributes 84 percent to the GDP of Turkmenistan. In 2016, Turkmenistan exported \$7.42 billion worth of goods which included gas, petroleum oils, fertilizers, polypropylene, textiles, and cotton fiber. China followed by Turkey, Italy and Russia are the top export partners of Turkmenistan. Imports in 2016 totaled \$4.66 billion which comprised of machinery, equipment, mechanical appliances, iron or steel, furniture, vehicles, etc. Turkmenistan's top import partners are Turkey, Russia, China, Germany, Japan and the Republic of Korea. Furthermore, it is also a part of major alliances such as the Organization of Islamic Cooperation (OIC), Commonwealth of Independent State (CIS), and Economic Cooperation Organization (ECO) which has expanded its trade opportunities.

China makes up more than half of Turkmenistan's exports, with natural gas as the main export product. In 2016, exports to China amounted to \$5.60 billion which included natural gas, salt, sulphur, and cotton. Furthermore, total Chinese imports amounted to \$338.50 million consisting of machinery, vehicles, and iron. Another important trading partner, Russia imports ships, boats, and floating structures, and exports articles of iron or steel, machinery, and mechanical appliances to Turkmenistan. In 2016, Turkmenistan's exports to and imports from Russia totaled \$331.18 million and \$570 million, respectively. Turkey was one of the top

exporting and importing partners of Turkmenistan in 2016. Imports from Turkey totaled \$1.25 billion in 2016 and majorly comprised of iron or steel, electrical machinery, and equipment. Meanwhile, exports amounted to \$420 million in 2016 and consisted of cotton, mineral fuels and mineral oils.

Turkmenistan is also involved in trade with the other Central Asian Republics, Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan. Kazakhstan is the most prominent Central Asian trade partner. Turkmenistan exports mineral fuels, articles of iron or steel, and ships to Kazakhstan, and imports salt, sulphur, and products of the milling industry. Total exports to Kazakhstan in 2016 were \$214.40 million, while total imports were \$69.10 million. Trade with Kyrgyzstan constitutes less than 1 percent of Turkmenistan's total trade. In 2016, exports were \$4.36 million which included clothing items, fertilisers, and vegetable fats. On the other hand, imports totaled \$5.70 million which comprised of electrical machinery, filament lamps, and walnuts. Due to non-availability of data, trade with other two Central Asian Republics, Tajikistan and Uzbekistan, cannot be analyzed.

Besides Kazakhstan and Uzbekistan, Turkmenistan also trades with its other two neighbors, Iran and Afghanistan. Exports to Iran include mineral fuels, mineral oils, and chemicals, while imports comprise of plastic, iron, and edible vegetables. Total exports to Iran were \$58.36 million, and total imports amounted to \$477.49 million in 2016. Turkmenistan exports far more than it imports from Afghanistan. In 2015, exports totaled \$632.41 million, and imports amounted to \$0.92 million. Export items to Afghanistan include natural gas, wheat, and peat, while imports include edible vegetables, beverages, raw hides and skins.

Trade with Pakistan has been entirely in favour of Turkmenistan over the past ten years. In 2016, imports were \$4.00 million, and exports stood at \$24.96 million, resulting in a trade surplus of \$20.96 million. Cotton makes the biggest export to Pakistan, and vegetable or animal fats and oils are the most imported commodities from Pakistan. Turkmenistan has the potential to increase its export of cotton, urea and polypropylene to Pakistan. On the other hand, Pakistan can enhance its supply of wheat and medicament to Turkmenistan.

List of Contents

Acknowledgements	ii		
Disclaimer	ii		
The Pakistan Business Council: An Overview	iii		
The PBC's Founding Objectives:	iii		
The PBC's Member Companies	iv		
Executive Summary	vi		
Key Social Indicators	03	Trade with Afghanistan	47
Country History	07	Trade with Russia	49
Economic Landscape	11	Trade with China	49
Economy	11	Trade with India	56
Main Industries	16	Trade with Pakistan	59
International Transport System	19	Turkmenistan's Trade Potential with Pakistan:	62
Tourism in Turkmenistan	24	Turkmenistan's Trade Alliances	64
Trade	29	Commonwealth of Independent States (CIS)	64
Trade Balance	29	Economic Cooperation Organization (ECO)	66
Major Trading Partners	30	Organization of Islamic Cooperation (OIC)	67
Imports	30	Ease of Doing Business	71
Exports	32	Foreign Direct Investment	72
Turkmenistan's Regional Trade	34	Consulates and Business Forums	74
Trade with Kazakhstan	34	Sources	75
Trade with Kyrgyzstan	37		
Trade with Uzbekistan	40		
Trade with Tajikistan	40		
Trade with Iran	41		
Trade with Turkey	44		

List of Tables

Table 1 Provinces of Turkmenistan	05	Table 35 Turkmenistan's Exports to China	53
Table 2 Airports in Turkmenistan	06	Table 36 Imports from China at HS 02 Level	54
Table 3 Turkmenistan's Economic Indicators 2010-16	12	Table 37 Imports from China at HS-06 Level	54
Table 4 Turkmenistan Cotton Production Source: IndexMundi	17	Table 38 Exports to China at HS 02 Level	55
Table 5 Turkmenistan's Top 10 Import Partners	30	Table 39 Exports to China at HS 06 Level	56
Table 6 Turkmenistan's Imports at HS-02 Level	31	Table 40 Imports from India at HS 02 Level	57
Table 7 Turkmenistan's Imports at HS 06 level	31	Table 41 Imports from India at HS-06 Level	57
Table 8 Turkmenistan's Top 10 Export Partners	32	Table 42 Exports to India at HS-02 Level	58
Table 9 Turkmenistan's Exports at HS 02 Level	33	Table 43 Exports to India at HS 06 Level	58
Table 10 Turkmenistan's Exports at HS-06 Level	33	Table 44 Imports from Pakistan at HS 02 Level	60
Table 11 Imports from Kazakhstan at HS 02 Level	35	Table 45 Imports from Pakistan at HS 06 Level	61
Table 12 Imports from Kazakhstan at HS 06 Level	35	Table 46 Exports to Pakistan at HS 02 Level	61
Table 13 Exports to Kazakhstan at HS 02 level	36	Table 47 Exports to Pakistan at HS 06 Level	62
Table 14 Exports to Kazakhstan at HS-06 Level	36	Table 48 Turkmenistan's Potential Imports from Pakistan at HS 06 Level	63
Table 15 Imports from Kyrgyzstan at HS 02 Level	38	Table 49 Turkmenistan's Potential Exports to Pakistan at HS 06 Level	63
Table 16 Imports from Kyrgyzstan at HS-06 Level	38	Table 50 Import partners from the Commonwealth of Independent States (CIS)	65
Table 17 Exports to Kyrgyzstan at HS 02 level	39	Table 51 Export Partners from the Commonwealth of Independent States (CIS)	65
Table 18 Exports to Kyrgyzstan at HS-06 Level	39	Table 52 Import Partners from the Economic Cooperation of Organization (ECO)	66
Table 19 Imports from Iran at HS-02 Level	42	Table 53 Export Partners from the Economic Cooperation of Organization (ECO)	67
Table 20 Imports from Iran at HS 06 level	42	Table 54 Top 10 Import Partners from the Organization of Islamic Cooperation (OIC)	68
Table 21 Exports to Iran at HS-02 Level	43	Table 55 Top 10 Export Partners from the Organization of Islamic Cooperation (OIC)	68
Table 22 Exports to Iran at HS-06 Level	43	Table 56 Production Sharing Agreements (PSAs) in Turkmenistan	73
Table 23 Imports from Turkey at HS-02 Level	45		
Table 24 Imports from Turkey at HS 06 Level	45		
Table 25 Exports to Turkey at HS 02 Level	46		
Table 26 Exports to Turkey at HS-06 Level	46		
Table 27 Imports from Afghanistan at HS 02 Level	48		
Table 28 Imports from Afghanistan at HS 06 level	48		
Table 29 Exports to Afghanistan at HS 02 Level	48		
Table 30 Exports to Afghanistan at HS 06 level	49		
Table 31 Imports from Russia at HS-02 Level	50		
Table 32 Imports from Russia at HS-06 Level	51		
Table 33 Exports to Russia at HS 02 Level	51		
Table 34 Exports to Russia at HS 06 Level	52		

List of Figures

Figure 1 Map of Turkmenistan Source: Google Map	03	Figure 32 Trade with Commonwealth of Independent States (CIS)	64
Figure 2 Population Age Structure Source: CIA The World Factbook	04	Figure 33 Trade with Economic Cooperation Organization (ECO)	66
Figure 3 GDP of Turkmenistan (1991-2016) Source: World Bank	13	Figure 34 Trade with Organization of Islamic Cooperation (OIC)	67
Figure 4 GDP per capita of Turkmenistan (1991-2016) Source: World Bank	13	Figure 35 Turkmenistan's Foreign Direct Investment (1993-2015)	72
Figure 5 Economic Growth of Turkmenistan (1991-2016) Source: World Bank	14		
Figure 6 Inflation Rate of Turkmenistan (1997-2016) Source: Trading Economics	15		
Figure 7 Unemployment Rate (1991-2016) Source: World Bank	15		
Figure 8 Turkmenistan's GDP by sector Source: CIA World Factbook	16		
Figure 9 Central Asia-China pipeline Source: Wikimedia Commons	20		
Figure 10 Trans-Caspian Pipeline Source: Wikimedia Commons	21		
Figure 11 Route of Trans-Caspian railway in Turkmenistan Source: Wikimedia Commons	22		
Figure 12 Karakum Desert Source: Wikipedia	24		
Figure 13 Door to Hell Source: Wikipedia	24		
Figure 14 Monument of Neutrality Source: Flickr	24		
Figure 15 Turkmen Carpet Museum Source: Wikimedia Commons	25		
Figure 16 Konye-Urgench Source: Wikimedia Commons	25		
Figure 17 Nisa Source: Wikimedia Commons	25		
Figure 18 Merv Source: Travel Source: Flickr	26		
Figure 19 Gypjak Mosque Source: Flickr	26		
Figure 20 Turkmenistan's Trade Balance	29		
Figure 21 Turkmenistan's Import Partners	30		
Figure 22 Turkmenistan's Export Partners	32		
Figure 23 Trade with Kazakhstan	34		
Figure 24 Trade with Kyrgyzstan	37		
Figure 25 Trade with Iran	41		
Figure 26 Trade with Turkey	44		
Figure 27 Trade with Afghanistan	47		
Figure 28 Trade with Russia	50		
Figure 29 Trade with China	53		
Figure 30 Trade with India	56		
Figure 31 Trade with Pakistan	59		



Independence Monument, Ashgabat

SECTION I

Key Social Indicators

Key Social Indicators:

Official Name: Turkmenistan

Independence: October 27,1991

Currency: Manat ₸

1 USD =3.50 TMT (August, 2017)

Geography

Location: Turkmenistan is located in Central Asia, and is surrounded by Kazakhstan to the north-west, Uzbekistan to the north-east, Afghanistan to the south-east, Iran to the south and south-west, and the Caspian Sea to the west.

Geographic Coordinates: 38.9697° N, 59.5563° E



Figure 1 Map of Turkmenistan Source: Google Map

Total Area: 488,100 km²

- Land: 469,930 km²
- Water: 18,170 km²

Land Boundary 4,158 km

Bordering Countries: Afghanistan 804 km, Iran 1,148 km, Kazakhstan 413 km, Uzbekistan 1,793 km

Coastline: Turkmenistan borders the Caspian Sea, 1,768 km

Demography

Population: 5.66 million (2016)

Population growth rate: 1.70 % (2016)

Language: Turkmen (official) 72%, Russian 12%, Uzbek 9%, other 7%

Religious groups: Muslim 89%, Eastern Orthodox 9%, unknown 2%

Ethnic groups Turkmen 85%, Uzbek 5%, Russian 4%, other 6% (2003)

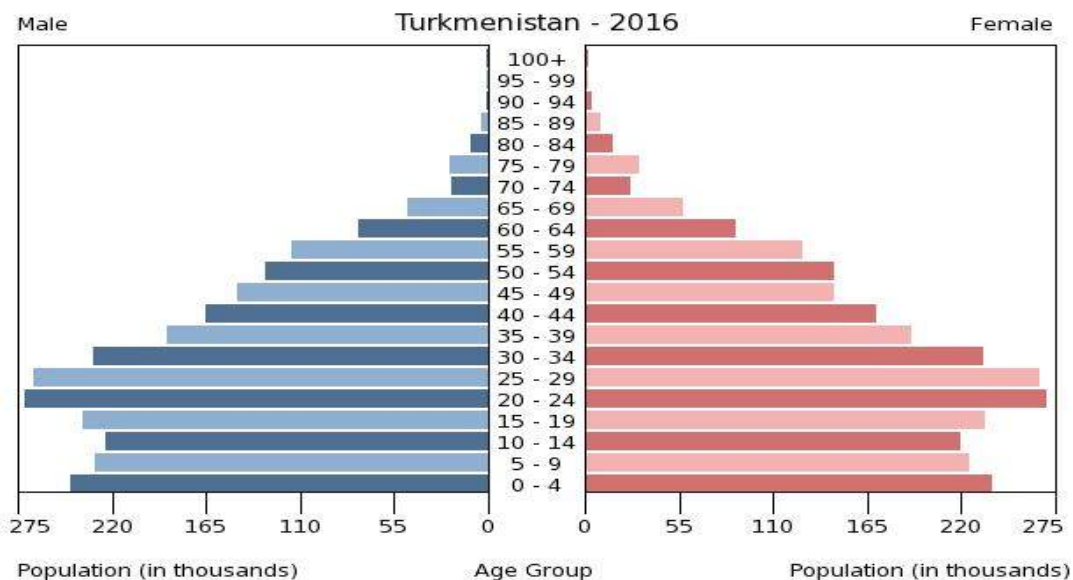


Figure 2 Population Age Structure Source: CIA The World Factbook

- 0-14 years: 25.95% (male 695,752/female 677,166)
- 15-24 years: 19.04% (male 506,856/female 500,647)
- 25-54 years: 42.86% (male 1,125,058/female 1,142,870)
- 55-64 years: 7.59% (male 189,464/female 212,330)
- 65 years and over: 4.56% (male 105,140/female 136,034) (2016 est.)

Education

Literacy rate is defined as the percentage of people who can read & write. The overall literacy rate of Turkmenistan for adults (individuals 15 or above) is 99.65%, out of which the literacy rate for males is 99.75% and that for females is 99.56%. The total literacy rate for youth (ages 15-24) is 99.83%

Life expectancy at birth: (2016 est.)

- **Total Population:** 70.10 years
- **Male:** 67.10 years
- **Female:** 73.30 years

Urbanization:

Urban population: 50% of total population (2015)

Rate of urbanization: +1.94% annual rate of change (2010-15 est.)

Government Type

Government System: Presidential Republic, Authoritarian

Legal System: Civil Law with Islamic influences

Capital City: Ashgabat

Area: 440 km² (170 sq mi)

Population: 746,000 (2015)

Administrative Divisions:

The country has 5 provinces: Ahal, Balkan, Dasoguz, Lebap, and Mary; and the capital city of Ashgabat. There are 50 districts and 24 towns in Turkmenistan.

The following table shows the capital city, the area and the population of each of the provinces.

Province	Capital city	Area	Population (2005 est.)
Ahal	Anau	97,160 km ² (37,510 sq. mi)	939,700
Balkan	Balkanabat	139,270 km ² (53,770 sq. mi)	553,500
Daşoguz	Daşoguz	73,430 km ² (28,350 sq. mi)	1,370,400
Lebap	Türkmenabat	93,730 km ² (36,190 sq. mi)	1,334,500
Mary	Mary	87,150 km ² (33,650 sq. mi)	1,480,400

Table 1 Provinces of Turkmenistan

Connectivity

- **Roads**

Total: 58,592 km

Paved 47,577 km

Unpaved 11,015 km (2002)

- **Airports:**

Total: 26

Paved 21

Unpaved 5

Airports in Turkmenistan:

Location	Airport name
Ashgabat	Ashgabat International Airport
Balkanabat	Balkanabat Airport
Dashoguz	Dashoguz Airport
Kerkiçi	Kerkiçi Airport
Mary	Mary Airport
Turkmenbashi	Turkmenbashi Airport
Turkmenabat	Turkmenabat Airport

Table 2 Airports in Turkmenistan

- **Ports**

Major seaport: Turkmenbashi International Seaport – Caspian Sea

Communication:

- Country Telephone Code: 993

- **Telephones-fixed lines:**

Total subscriptions: 665,000

Subscriptions per 100 inhabitants: 13 (July 2016 est.)

- **Internet Users:**

Total: 951,925

Percent of population: 18% (July 2016 est.)

Country History

Turkmenistan's history begins with Indo-European Iranian tribes migrating to the region over four thousand years ago. These were nomadic or semi-nomadic tribes known as the Massagetae, Scythians, and Soghdians. The area was often a point of migration and invasions by tribes which headed towards the southern regions of ancient Mesopotamia, Elam, and the Indus Valley.

Turkmenistan was conquered by the Persians in the 6th century BC, and became part of the Achaemenid Empire. The region was later occupied by Alexander the Great in the 4th century BC. Alexander founded the city of Alexandria, present-day Merv, located near the Murghab River. Its strategic position on the Silk Road from China to Europe made it an important trading hub. After Alexander's death, the Seleucids took over the region. Towards the end of the Seleucids era, satrap (governor) of Parthia declared independence which led to the formation of the Kingdom of Parthia. The Parthians established the city of Nisa, which is often regarded as their first capital and seat of their central government. The Parthian Empire collapsed in 224 A.D., and Turkmenistan came under the influence of the Sassanids in the 3rd century, followed by the Ephtalities in the 5th century.

Following invasions in the 7th and the 8th century, Arabs successfully took control of Central Asia. Turkmenistan became part of the Islamic Caliphate, and Merv became a center of Muslim knowledge and learning. Many scholars hailed from Merv who specialized in the areas of Islamic law, Hadith, history, and literature. Moreover, Oghuz tribes, who are the ancestors of the modern Turkmen population, migrated to present-day Central Asia from Mongolia in the 8th century.

The Arabs were overthrown by the Saffarids who ruled for a short period until their defeat in 901 by the Samanids, who were in turn overthrown by the Ghaznavids in 990. The Seljuk Empire was established in 1040 which covered present day Iran and Turkmenistan. The Seljuk Empire was overthrown by the Turkic rulers of Khiva in 1157 who conquered Khorasan. In 1221, under the leadership of Genghis Khan, the Mongols invaded Central Asia. They captured Khwarezm, and destroyed the city of Merv. Due to this invasion, the Turkmen who lived in the north, moved southward and formed new tribal groups. After the death of Genghis Khan's eldest son, Mongke Khan, fragmentation of the Mongol Empire took place. Subsequently, parts of Turkmenistan were incorporated into Chagatai Khanate and Ilkhanate, which were territories ruled by the descendants of Genghis Khan.

Timur, a Turko-Mongol conqueror, captured most of Turkmenistan in 1388, and launched the Timurid Empire. The empire fell apart after his death in 1405. Between the 15th and the 17th centuries, different parts of Turkmenistan were controlled by Persia, and the Uzbek Khanates of Khiva and Bukhara. Most of the Turkmen tribes were under the control of Khanates of Khiva and Bukhara.

Russians started taking control of the Turkmen land towards the end of the 19th century which included Khanates of Khiva and Bukhara. Current day Turkmenistan came under Russian rule in 1881 after the Battle of Geok Tepe.

In 1916, during World War I, the local population revolted against forced conscription in the Tsar's armies to fight the Germans. Though the Russian Revolution of 1917 had little direct impact on Turkmenistan, in the 1920s Turkmen, Kazak, Kyrgyz and Uzbek joined together in a rebellion against the newly formed Soviet Union. By 1924, the rebellion had been crushed

and the Turkmen Soviet Socialist Republic had been formed from the old tsarist province of Transcaspia.

Towards the end of the 1980s, a number of Soviet Republics made efforts to detach themselves from Moscow's rule. Turkmenistan also joined in the struggle to gain independence with the Republic's leaders voicing concerns against what they perceived as unfair economic and political practices of Moscow. In October 1991, the disintegration of the Soviet Union forced Saparmurat Niyazov, the leader of the Turkmen Communist Party, to call a referendum on the independence of Turkmenistan. On October 27 1991, Turkmenistan achieved its independence from the Soviet Union.

After independence, Saparmurat Niyazov became the first President of Turkmenistan in an uncontested election. The first few years of independence comprised of important events in Turkmenistan's history such as the approval of the constitution (1992), the Turkmen-Russian treaty of friendship (1992), introduction of the national currency, the Turkmen Manat (1993), and the UN General Assembly Resolution on Turkmenistan's permanent neutrality stance (1995).

Niyazov was declared president for life by Parliament in 1999, a decision which is often criticized for having created a "Presidential Monarch". Furthermore, after surviving an assassination attempt in 2002, Niyazov ordered greater security measures and tighter media control.

Relations with Uzbekistan were strained from 2002 to 2004 due to issues pertaining to water consumption, competition in the world cotton market, and the possibility of Uzbekistan's involvement in the 2002 assassination attempt on Niyazov. After bilateral treaties, and agreements on road and railroad transport, relations between the two countries started to improve.

Although Niyazov promised free and fair elections to be held before 2010, he died of heart disease in 2006.

Following his death, Gurbanguly Berdimuhamedow took office as the acting president, and formally came to power on February 11, 2007 after polling 89% of the votes. He introduced a number of reforms in health, education, military and pension systems. Government employees who had been fired by Niyazov based on their ethnicity were re-employed, and pensions to the elderly that had been withheld by the former president due to a supposedly budget crisis were also restored. Laws pertaining to improvement in agriculture efficiency were also passed. Moreover, a new constitution was approved by the People's Council in 2008.

In 2012, after winning 97 percent of the votes in an election, Berdimuhamedow further secured his position as the President of Turkmenistan. According to a constitutional amendment, the president's term was extended from five to seven years (2016). Finally, in 2017 Berdimuhamedow won a third term after receiving 97.70 percent of the votes.



Aerial view of Gypjak Mosque

SECTION II

Economy

Economic Landscape

Economy

Turkmenistan is a large but sparsely populated country in Central Asia that is abundant in natural resources. With a GDP growth rate averaging 12 percent over the last ten years, it enjoys the status of one of the fastest growing economies in the world. Turkmenistan's economic ranking by GDP(PPP) in 2016 was 82¹, and it is the 90th largest exporter, and the 124th largest importer in the world (2015)².

Turkmenistan, in spite of being majorly marked by desert regions, has a well-developed agricultural sector. Cotton and wheat are the two major crops, of which cotton is primarily for exports whereas wheat is used for domestic consumption. The country is also well-endowed in gas and oil resources which have substantially contributed to its growth over the years. Natural gas is the major export product of Turkmenistan with China as its main customer for natural gas. In spite of diversification attempts, Turkmenistan's exports are still highly concentrated to a single market, China, and a single product, natural gas. This exposes the economy to the boom-bust cycles of the oil industry.

The overall nature of the economy can be characterized as closed with little private sector development. Although, the government has taken measures to improve the business environment and encourage privatization through initiatives such as The National Program of Socio-Economic Development (2011–2030) which involves privatization of small and medium enterprises (SMEs), the success rate has been low. Rules pertaining to privatization are not clearly defined which limits transparency and perpetuates corruption. As such, these actions have yet to show progress in the shape of meaningful private sector development.

1 [https://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)](https://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP))

2 <http://atlas.media.mit.edu/en/profile/country/tkm/#Exports>

The following table shows few key indicators and their trends from 2010 to 2016³:

Economic Indicators	2010	2011	2012	2013	2014	2015	2016
Total Population (millions)	5.09	5.17	5.27	5.37	5.47	5.57	5.66
Population growth (annual %)	1.60	1.70	1.80	1.90	1.80	1.80	1.70
GNI, Atlas method (current US \$ billions)	20.70	24.45	29.30	35.04	39.96	39.63	37.76
GNI per capita, Atlas method (current US\$)	4,070	4,730	5,560	6,530	7,310	7,120	6,670
GDP (current US \$ billions)	22.58	29.23	35.16	39.20	43.52	35.80	36.18
GDP (constant 2010 US\$)	22.58	25.90	28.78	31.71	34.98	37.25	39.56
Real GDP growth (annual %)	9.20	14.70	11.10	10.20	10.30	6.50	6.20
Unemployment, total (% of total labor force) (modeled ILO estimate)	9.20	9.20	9.10	9.00	9.00	8.70	8.60
Inflation Rate	4.80	5.60	6.50	6.00	4.42	7.00	6.17
Exchange Rate (vs USD)	2.85	2.85	2.85	2.85	2.85	3.40	3.50

Table 3 Turkmenistan's Economic Indicators 2010-16

3 Source of Indicators: World Bank (except for Inflation Rate and Exchange Rate);
 Inflation Rate: <https://tradingeconomics.com/turkmenistan/inflation-cpi>;
 Exchange Rate <http://www.focus-economics.com/countries/turkmenistan>

GDP

At the time of its independence in 1991, Turkmenistan had a GDP of \$3.20 billion. During the initial years, GDP was adversely affected by gas price disputes and debt settlements with its export partners i.e. Russia and Ukraine, this lowered production. Following negotiations with its trading partners in 1996, production picked up, and GDP consistently increased peaking at \$43.50 billion in 2014. GDP fell in 2015 when the economy was impacted by falling energy prices. However, a slight improvement has been seen in the GDP figures from \$35.80 billion in 2015 to \$36.20 billion in 2016.

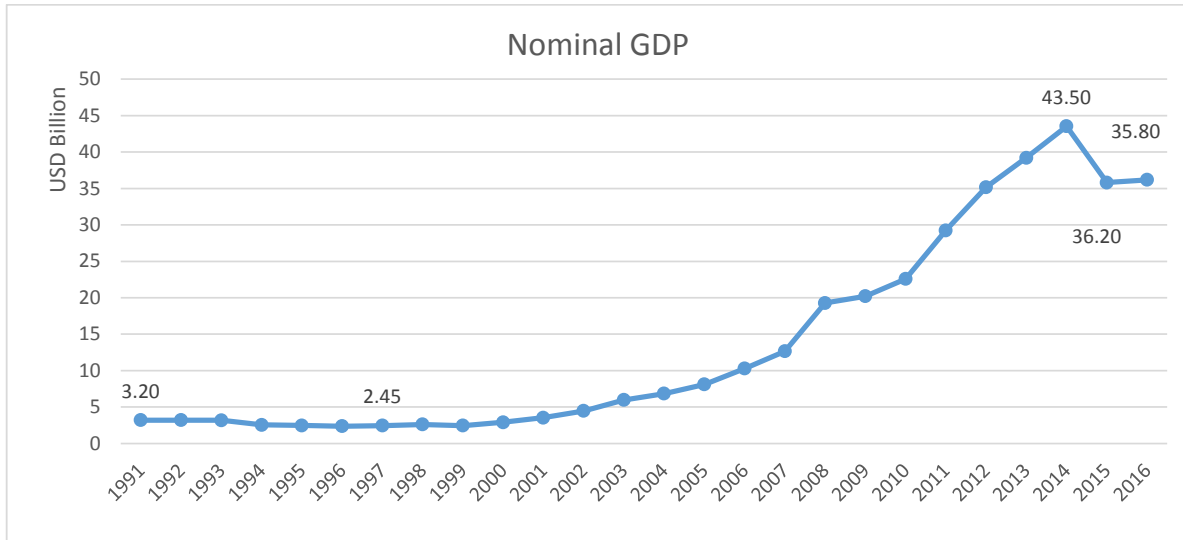


Figure 3 GDP of Turkmenistan (1991-2016) Source: World Bank

GDP per capita

From 1991 to 2016, Turkmenistan's GDP per capita and nominal GDP have had similar patterns. GDP per capita has majorly followed an upward trend reaching an all-time high of \$7,962 in 2014, and falling to \$6,432 in the following year. GDP per capita in 2016 stood at \$6,389.

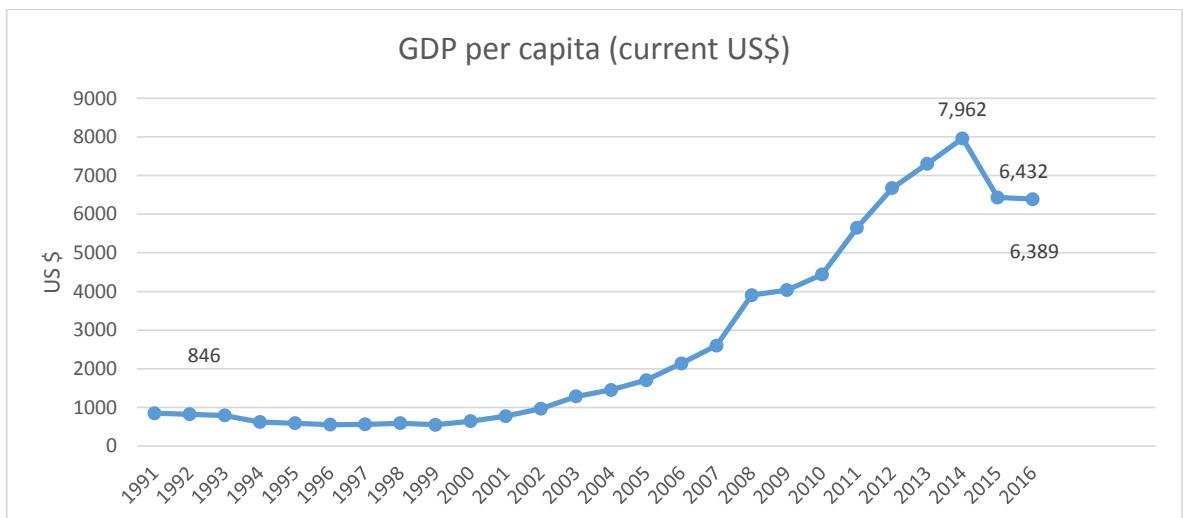


Figure 4 GDP per capita of Turkmenistan (1991-2016) Source: World Bank

Economic Growth

The first few years after independence witnessed fluctuating GDP growth rates with the growth rate falling as low as -17.30 percent in 1994. The economy was affected by import dependency for food, consumer goods, and capital goods combined with low agricultural production due to unfavorable climate conditions. Turkmenistan has enjoyed positive growth rates from 1998 onwards, and reached a maximum of 16.50 percent in 1999. Government measures such as “10 years of stability (1990-2000)” for agricultural development, growth in the private sector, increased exports, and investments contributed to this change.

Because trade generates 84 percent of Turkmenistan’s GDP, its economic performance is impacted by that of its trading partners. External factors including the Russian recession, slowdown of the Chinese economy, and appreciation of the US dollar combined with low oil and gas prices resulted in a drop in the GDP growth rate in 2015 to 6.50 percent from 10.30 percent in 2014. Economic slowdown persisted in 2016 with the GDP growth rate falling to 6.20 percent due to deteriorating terms of trade, reduced demand of hydrocarbons from trading partners (Russia and Iran), and lower investments.



Figure 5 Economic Growth of Turkmenistan (1991-2016) Source: World Bank

Inflation

The following figure shows Turkmenistan’s inflation rate over the twenty-year period 1997-2016. Turkmenistan experienced hyperinflation post-independence as a result of maintaining the Soviet Ruble as a common currency for commercial and political links. Subsequently, the national currency, the Turkmen Manat, was introduced in 1993 to control prices. The highest inflation rate of 83.7 percent was seen in 1997 which fell to 16.80 percent in 1998. This decline in inflation rate can be attributed to increased sale of foreign exchange in the market which managed excess liquidity and controlled the exchange rate.

From 2000 onwards, the inflation rate has remained below 15.00 percent. Average inflation rate from 1997 till 2016 was 12.26 percent, with the lowest rate of 0.10 percent being achieved in 2009. Inflation rate in the past ‘5’ years has been between 4.40 percent and 7.00 percent.

The 2014 fall in oil prices was countered by devaluing the Turkmen Manat by 19.00 percent at the beginning of 2015. The government managed inflation through subsidies, an import-substitution policy and a stricter monetary policy. This led to a fall in the inflation rate to 6.17 percent in 2016 from 7.00 percent in 2015, and which was lower than the Asian Development Bank’s projected inflation rate of 6.60 percent for 2016.

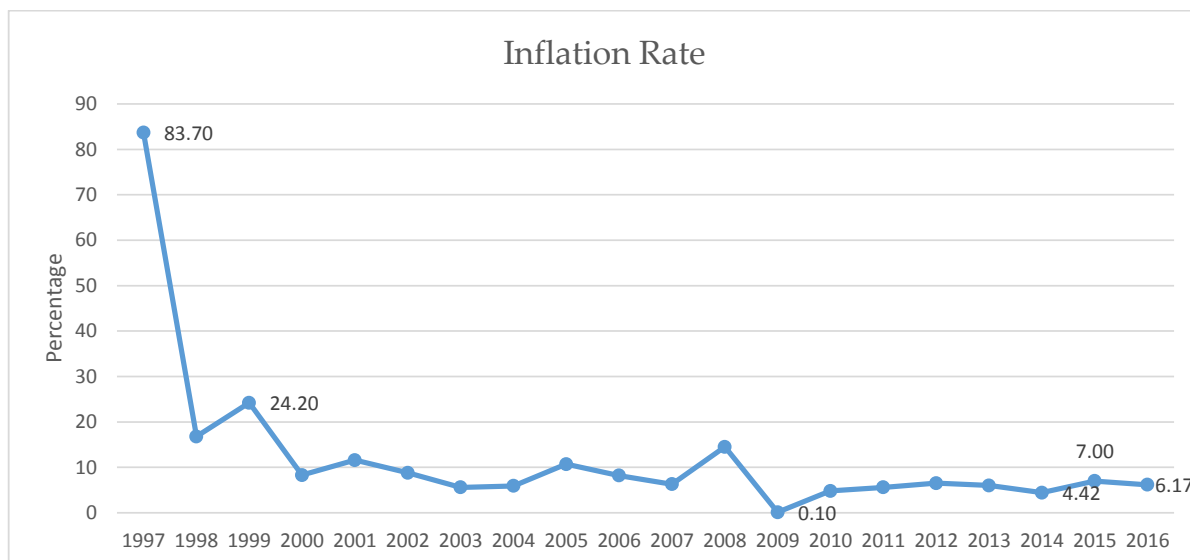


Figure 6 Inflation Rate of Turkmenistan (1997-2016) Source: Trading Economics

Unemployment

Between 1991 & 2016 the unemployment rate in Turkmenistan has averaged 9.09 percent, reaching a maximum of 9.29 percent in 1996 and a minimum of 8.62 percent in 2016.

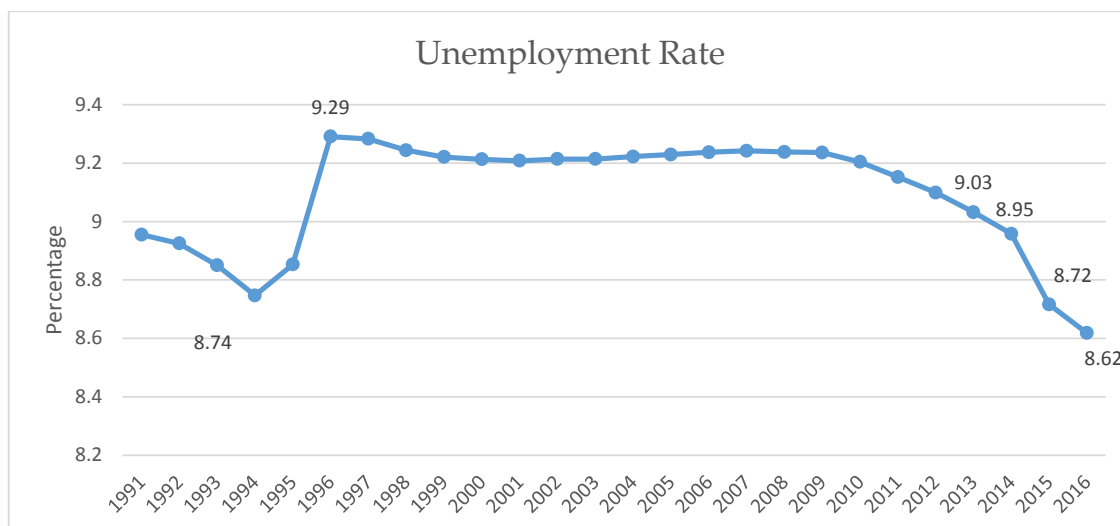


Figure 7 Unemployment Rate (1991-2016) Source: World Bank

Future Economic Outlook

According to the Asian Development Bank, Turkmenistan's economy is expected to grow by 6.50 percent in 2017 followed by an expected increase of 7.00 percent in 2018. Government investment, foreign direct investment, and public and private consumption are expected to support economic growth. Furthermore, this upturn is plausible due to an expected recovery in energy prices which should improve exports and fiscal revenue⁴.

Main Industries

Turkmenistan's economy is mainly dependent on the extraction of oil and natural gas. However, over the years other sectors such as textile, chemicals, and financial services have also played an important role in economic growth.

In 2016, Turkmenistan's GDP mainly consisted of the industrial sector which contributed 47.70 percent to the GDP. Meanwhile, services and agriculture contributed 39.20 percent and 13.20 percent respectively to total GDP⁵.

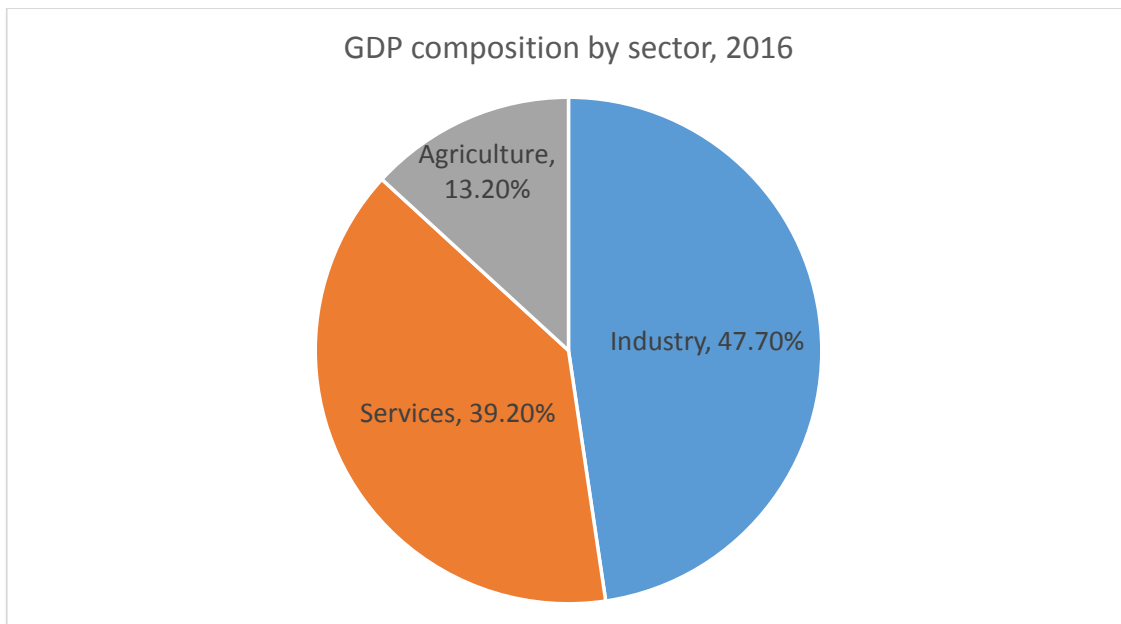


Figure 8 Turkmenistan's GDP by sector Source: CIA World Factbook

Natural Resources

Turkmenistan is the tenth largest natural gas producer in the world with a production of 78 billion cubic meters (bcm)⁶. Furthermore, it has the world's fourth largest natural gas reserves. The Galkynysh Gas Field of Turkmenistan is the fifth largest gas field in the world with proven commercial reserves of 2.80 trillion cubic meters.⁷ Activities related to gas extraction are handled by the Turkmenistan Natural Gas Company (Turkmengaz). In 2016, \$5.67 billion worth of natural gas was exported, out of which \$5.48 billion was supplied to China⁸.

4 <https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf>

5 Source: CIA World Factbook

6 <https://yearbook.enerdata.net/natural-gas/world-natural-gas-production-statistics.html>

7 <https://www.wsj.com/articles/SB122409510811337137>

8 Figures refer to Product: 271121 Natural gas in gaseous state from ITC TradeMap

Turkmenistan is also well-endowed in oil, majority of which is extracted from the Koturdepe, Balkanabat, and Cheleken areas. The country has two oil refineries, Turkmenbashi Complex of Oil Refineries, and Seydi Oil Refinery. According to the British Petroleum Statistical Review of World Energy (2016), Turkmenistan had 100 million tons of oil reserves in 2015. Oil consumption amounted to 146 thousand barrels per day (bpd) while production was at 261 thousand bpd.⁹

Agriculture

Agriculture sector grew by 12.00 percent in 2016, and contributed 13.20 per cent to GDP (2016 est.)¹⁰. Nearly forty-nine percent of the labor force is employed in this sector (2014 est.)¹¹. Previously, Turkmenistan was heavily dependent on imports for its food requirements, however, over the years it has been working towards self-sufficiency. To encourage local production, the government has provided incentives to producers such as soft loans¹².

Turkmenistan has around 2,000,000 hectares of arable land. Cotton and wheat are the two most important crops for Turkmenistan's economy. Half of the irrigated land is utilized for cotton production. Turkmenistan is one of the top ten cotton producing countries in the world¹³. The government has helped the cotton sector develop by providing funds for the purchase of modern harvesters, tractors, machinery and other equipment. In addition, farmers and tenants benefit from concessions in machinery maintenance, water irrigation, and procurement of seeds and fertilizers¹⁴. These measures have substantially contributed to the sector's productive capacity, and allowed it to produce high-quality cotton for export. However, over the past few years production has declined due to difficulties in irrigation in the mostly desert regions of the country. In 2016, cotton exports fell by \$99.20 million¹⁵.

Turkmenistan Cotton Production		
Year	Production	Growth Rate
		<i>Unit '000 US Bales</i>
2012	1,700	11.48 %
2013	1,550	-8.82 %
2014	1,525	-1.61 %
2015	1,450	-4.92 %
2016	1,325	-8.62 %

Table 4 Turkmenistan Cotton Production Source: IndexMundi¹⁶

Turkmenistan had mainly imported wheat, however, since 2010 it has also started exporting wheat¹⁷. In 2016, more than 1.60 million tons of wheat was harvested, which is an eight-fold increase compared to the figure in 1991¹⁸.

9 <https://www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2016/bp-statistical-review-of-world-energy-2016-full-report.pdf>

10 <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/tx.html>

11 <https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf>

12 <https://www.export.gov/apex/article2?id=Turkmenistan-Agricultural-Sectors>

13 <http://www.worldatlas.com/articles/top-cotton-producing-countries-in-the-world.html>

14 http://www.turkmenistan.gov.tm/_eng/?id=6326

15 Figure refers to Cotton, Product Code: 52 from ITC TradeMap

16 <https://www.indexmundi.com/agriculture/?country=tm&commodity=cotton&graph=production>

17 http://departments.agri.huji.ac.il/economics/en/publications/discussion_papers/2015/3.15%20Wheat%20production%20in%20Turkmenistan.pdf

18 <http://tdh.gov.tm/news/en/articles.aspx&article4320&cat35>

Industry

Turkmenistan has a well-developed energy sector, and is actively involved in export of electricity to Afghanistan, Iran, and Turkey. In 2017, Turkmenistan agreed to cooperate with Uzbekistan for electricity exports to Afghanistan and Pakistan¹⁹, and has also shown interest in supplying electricity to Tajikistan and Kazakhstan²⁰.

Another important industry in the country is the textile industry. There are over 20 textile firms, and more than 70 textile factories in the country. Textile products after natural gas, rank among the top exports of the country; 70 percent of the total textile production is exported to countries such as the U.S., Canada, Germany, Britain, Russia, Italy, Turkey, China, and Ukraine. From 2000 to 2015, cotton yarn production and textile exports increased 2.40 and 3.20 times respectively²¹.

Another important industry is the chemical industry which is a rapidly growing sector with nine chemical plants that produce nitrogen and phosphorous fertilizers, sulphuric and nitric acids, iodine, bromine, and mineral salts. The country exports chemical products as well. Turkmenistan is home to Central Asia's largest potash plant which has a capacity of over 1 million tons²². Recent developments include the setting up of a urea plant (640,000 tons per year) and an ammonia plant (400,000 tons per year). The government also intends to collaborate with foreign companies to further develop this sector²³.

Services Sector

The service industry accounts for 39.20 per cent of the GDP (2016 est.)²⁴. The most important segment of the services sector is the financial sector.

Government mainly handles financial services, especially in the case of currency exchanges and lending. There are 12 state owned banks, and the key role in the financial system is played by the Central Bank of Turkmenistan. Loans are granted to finance public projects with particular preference given to agriculture.

In 2016, services grew by 11.00 percent compared to the previous year's 10.00 percent. The growth was driven by 14.20 percent increase in trade, 10.40 percent in transport and communications, 4.40 percent in construction services, and 9.70 percent in other services.²⁵

19 <https://www.dawn.com/news/1318884>

20 http://country.eiu.com/article.aspx?articleid=1703986754&Country=Turkmenistan&topic=Economy&subto_9

21 <https://www.azernews.az/region/99380.html>

22 <https://en.trend.az/casia/turkmenistan/2736860.html>

23 <https://www.export.gov/apex/article2?id=Turkmenistan-Chemical-Industry>

24 Source: CIA World Factbook

25 <https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf>

International Transport System

Gas Pipelines

Turkmenistan-Russia

The Central Asia-Center Gas Pipeline (2,000 km) connects Turkmenistan to Russia via Uzbekistan and Kazakhstan, and is controlled by the Russian company, Gazprom. It currently has a capacity of 44 billion cubic meters per year (bcm), and a maximum discharge of 90 billion cubic meters per year.

A section of the gas pipeline exploded in 2009 which created tension between Turkmenistan and Russia, with Turkmenistan blaming Gazprom for the incident, and cutting off gas supplies to Russia.

Turkmenistan-Iran

Korpeje–Kordkuy is a 200-kilometer (120 miles) pipeline running from the Korpeje field in Turkmenistan to Kordkuy in Iran. The much-needed pipeline opened in 1997, and upon its inauguration released Turkmenistan from total Russian pipeline dependency. The project cost \$190 million and has the capacity to deliver 8 billion cubic meters of gas annually

Another pipeline, Dauletabad–Sarakhs–Khangiran, linking Turkmenistan to Iran was completed in 2010. The pipeline runs from the Dauletabad gas field in Turkmenistan to a gas refinery in Khangiran, Iran. It is 182-km (113 miles) long with an initial capacity of 6 billion cubic meters (bcm) per year which can be increased to 12 bcm per year. The total cost of the initial phase of the project was \$180 million.



Figure 9 Central Asia-China pipeline Source: Wikimedia Commons

The launch of the Central Asia-China gas pipeline has allowed Turkmenistan to export huge quantities of natural gas to China. It starts from Saman-Depe carrying natural gas from the Bagtyyarlyk gas fields in Turkmenistan, and passes through Uzbekistan and Kazakhstan before entering China. It is 1,833-km long out of which 188-km is in Turkmenistan. The pipeline consists of three parallel lines, Line A, Line B, and Line C which were completed in 2009, 2010, and 2014 respectively. The total capacity of the three parallel lines is 55 billion cubic meters per annum; 15 bcm per annum from Line A and Line B each, and 25 bcm per annum from Line C²⁶.

East-West Pipeline

The pipeline runs from the Shatlyk station in Mary province (southeast of Turkmenistan), transporting natural gas from fields such as the Galkynysh gas field to the Belek-1 station in the Balkan province (far west of Turkmenistan). It is 773-km long, and has a capacity of 30 billion cubic meters of natural gas per year²⁷. Construction of the pipeline began in 2012, and it took three years to complete with a cost of \$2.50 billion. There is a possibility of gas being further exported to Azerbaijan and Europe once the Trans-Caspian Gas pipeline is constructed.

Future Projects

Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline

TAPI is a joint-initiative taken up by governments of Turkmenistan, Afghanistan, Pakistan, and India. The 1,800-km pipeline is being funded by the Asian Development Bank (ADB), at an estimated cost of \$10 billion. Moreover, the Islamic Development Bank (IDB) has also agreed to provide financial assistance²⁸. The purpose of this venture is for Turkmenistan to reduce its export reliance on China, and to also provide Afghanistan, Pakistan and India with an adequate supply of natural gas. It was agreed that Turkmenistan will lead the project and contribute 85 percent of the equity, while Afghanistan, India and Pakistan will each contribute 5 percent.

Once the project is completed, Turkmenistan will provide 33.0 billion cubic meters per annum from the Galkynysh field, out of which Pakistan and India will each receive 14.0 billion cubic meters per annum, while Afghanistan will be provided 5.0 billion cubic meters of gas per

26 <http://www.cnpc.com.cn/en/FlowofnaturalgasfromCentralAsia/FlowofnaturalgasfromCentralAsia2.shtml>

27 <http://thediplomat.com/2015/12/turkmenistan-completes-east-west-pipeline-whats-next/>

28 <http://engpost.com/index.php/2017/04/07/construction-phase-of-tapi-gas-pipe-line-project-started-in-pakistan/>

annum. The pipeline is expected to be completed in December, 2020²⁹.

Inauguration of TAPI's FEED (Front End Engineering Design) event was held in Islamabad, in March 2017. During the event, a comprehensive overview of the project was provided.

TAPI will fulfill the energy needs of the countries involved. The estimated demand for gas in India in the coming years is expected to increase by two-folds, while that of Pakistan around the same time will be three-times higher than the supply which further fuels the need for TAPI.

The proposed route has been a source of risk-related concerns since the pipeline will pass through currently Taliban controlled regions of Afghanistan (Kandahar and Helmand). Although the Afghan government promises to provide protection through troops, the effectiveness of this measure is still in doubt due to the fluid security situation in the region.³⁰ Thus, in spite of its benefits, the project has risks attached to it.

Trans-Caspian Pipeline



Figure 10 Trans-Caspian Pipeline Source: Wikimedia Commons

The proposed 4,000-km pipeline will connect Turkmenistan to Azerbaijan on the other side of the Caspian Sea. The pipeline will originate at Turkmenbashi and will run under the Caspian Sea to the Sangachal Terminal south of Baku, Azerbaijan. From this point, it will join the Erzurum pipeline in Turkey, and then connect to the Southern Gas Corridor; the link will allow Turkmen gas to be delivered to Central Europe. The project has an estimated cost of \$5 billion, and a projected capacity of 30 billion cubic meters per year.

In 1999, during the Organization for Economic Cooperation and Development (OECD) meeting held in Istanbul, the heads of the countries involved, Turkmenistan, Azerbaijan, Georgia, and Turkey, signed many agreements related to the pipeline's construction. The project has faced resistance from Russia and Iran who fear that the development of the Trans-Caspian pipeline can affect Turkmenistan's usage of their respective pipeline systems. Moreover, due to legal disputes concerning the status of the Caspian Sea, the project was temporarily discontinued in 2000, and stayed in cold storage till 2006 when President Niyazov showed interest in starting the project again. However, the initiative was yet again opposed by Iran two years later due to environmental concerns related to the construction. Environmental issues have also been raised by Russia. In 2012, it was decided that Turkmen gas will be provided to Turkey through the Trans-Caspian Gas pipeline.

29 <https://timesofislamabad.com/tapi-gas-pipeline-project-completion-status-update/2017/05/02/>

30 http://factsanddetails.com/central-asia/Turkmenistan/sub8_7d/entry-4838.html

International Seaport

Turkmenbashi International Seaport, located in the east of the Caspian Sea, is the largest seaport in Turkmenistan providing access to Baku (Azerbaijan), Aktau (Kazakhstan) and Astrakhan (Russia).

Turkmenistan plans to build a new port at Turkmenbashi. The \$2 billion project entails construction of ferry, passenger and cargo terminals along with a shipyard³¹.

International Railways

Turkmenistan's rail line is the 37th largest in the world (4980 km).

- **Tejen–Serakhs–Mashhad** (1996) is an important rail link connecting the railways of Europe, Russia, and Central Asia with those of South Asia and the Persian Gulf. The railway was built by Turkmenistan and Iran.
- The **Kazakhstan-Turkmenistan-Iran railway** (2013) is a 677-km long railway line linking Kazakhstan and Turkmenistan to Iran and the Persian Gulf. It cost \$620 million which was financed by the governments of Kazakhstan, Turkmenistan, Iran, and the Asian Development Bank. It is part of the International North-South Transnational Corridor which is a transport network linking India, Iran, Central Asia, Russia, and Europe.
- The **Trans-Caspian Railway** connects Turkmenbashi at the Caspian Sea to Uzbekistan and eastern Kazakhstan.



Figure 11 Route of Trans-Caspian railway in Turkmenistan Source: Wikimedia Commons

Future Projects

• Turkmenistan-Afghanistan-Tajikistan (TAT) Railway

Turkmenistan-Afghanistan-Tajikistan Railway (TAT) is a 400-km railroad that will run from eastern Turkmenistan, pass through northern Afghanistan, and end at Panj, Tajikistan.

31 <https://www.azernews.az/region/58289.html>

Turkmenistan's section of the railway line was constructed in 2016. Due to security concerns in Afghanistan, the Asian Development Bank has suspended funding Afghanistan's portion of the project.

Transport Corridors

Lapis Lazuli Corridor

Lapis Lazuli Corridor was created to facilitate trade and transit between Afghanistan, Turkmenistan, Azerbaijan, Georgia and Turkey. The corridor links the above countries through road and rail. It aims to increase exports, and enhance economic opportunities for the countries involved, and also to develop a Custom Integration Procedure which will reduce transaction costs, and facilitate barrier-free trade and transit. Pakistan joined the Lapis Lazuli Corridor in 2016.

Ashgabat Agreement

The Ashgabat agreement is a transport agreement between Kazakhstan, Uzbekistan, Turkmenistan, Iran, Pakistan and Oman. India has also shown interest in joining this initiative. It aims to improve transport linkages between Central Asia and the Persian Gulf by creating an international transport and transit corridor. To enhance connectivity, it will form linkages with the International North-South Transport Corridor, Turkmenistan-Afghanistan-Tajikistan (TAT) railroad, Afghanistan-Turkmenistan-Azerbaijan-Georgia-Turkey transportation corridor, and TRACECA (Transport Corridor Europe-Caucasus-Asia)

Energy Projects

Regional Power Interconnection Project

The project is an energy cooperation project between Turkmenistan and Afghanistan under CAREC (Central Asian Regional Economic Cooperation), funded by the Asian Development Bank. The purpose is to cater to the electric needs of Afghanistan and to develop infrastructure in Turkmenistan which will facilitate export of Turkmen electricity to Afghanistan.

Afghanistan Energy Supply Improvement Investment Program

Afghanistan Energy Supply Improvement Investment Program, informally known as TUTAP, will provide Afghanistan and Pakistan with power supply from the Central Asian countries. Other countries involved in the project are Turkmenistan, Tajikistan, and Uzbekistan. Infrastructure development is being handled by the World Bank and the Asian Development Bank.

A 500-KV line will connect Turkmenistan to Afghanistan. The Turkmenistan-Afghanistan portion will cost \$140 million and will have the capacity to deliver up to 1,000 MV power. It was decided in December, 2015 that this interconnection will be extended to Puli-Khumri in north-east Afghanistan, which is the meeting point of the CASA - 1000 (Tajikistan-Kyrgyzstan of the CASA-1000 project) and the TUTAP lines³².

32 <http://www.carecprogram.org/uploads/events/2017/21-SOM-Midyear/Key-Documents/2017-SOM-Jun-PR-Energy.pdf>

Tourism in Turkmenistan



Figure 12 Karakum Desert Source: Wikipedia

Karakum Desert

The Karakum Desert which means “Black Sand” in Turkish, covers more than half of the Turkmen land. It’s one of the biggest deserts in Central Asia, and is also an attractive tourist spot because of its picturesque scenery. It contains the famous gas crater, Door to Hell.



Figure 13 Door to Hell Source: Wikipedia

Door to Hell

The Darvaza gas crater, famously known as “Door to Hell” or “Gates of Hell” is a natural gas crater which has attracted many visitors, making it a popular tourist site. People visit the place and camp nearby to enjoy the spectacular fiery view.



Figure 14 Monument of Neutrality Source: Flickr

Monument of Neutrality

Monument of Neutrality (Ashgabat) was built in 1998 by Turkmenistan’s former President Niyazov as a symbol of the country’s neutrality. It cost \$12 million and is often lit up at night. A number of tourists visit the arch for a complete view of the surrounding area.



Figure 15 Turkmen Carpet Museum Source: Wikimedia Commons

Turkmen Carpet Museum

The museum, located in Ashgabat, contains over 1,000 carpets that date as far back as the 18th century. It is famously known for having the largest assemblage of Turkmen carpets compared to any other museum, and also contains the world's largest hand-woven carpet.



Figure 16 Konye-Urgench Source: Wikimedia Commons

Konye-Urgench

Located in north-western Turkmenistan near Amu Darya River, this ancient site is a famous tourist spot. Its importance rose during the Khwarezm Empire; Konye-Urgench survived Genghis Khan's invasion (1221) but was destroyed by Timur (1373). Its ruins are in the UNESCO List of World Heritage Sites.



Figure 17 Nisa Source: Wikimedia Commons

Nisa

Nisa was an ancient city located to the southwest of Ashgabat. It is often described by some as the first capital of the Parthian Empire.



Figure 18 Merv Source: Travel Source: Flickr

Merv

Merv, formerly known as Alexandria, is located near today's Mary (city). It is the oldest of the oasis cities located along the Silk Road.

Ertuğrul Gazi Mosque

Ertuğrul Gazi Mosque is located in Ashgabat, and was inaugurated seven years after Turkmenistan became independent. 5,000 people can easily pray in the mosque. The mosque's beauty lies in its white marbled building with its four minarets and a dome in the center with an extravagant interior decoration that has quality stained glass windows.



Figure 19 Gypjak Mosque Source: Flickr

Gypjak Mosque

Gypjak Mosque is situated in the village of Gypjak, near Ashgabat. The mosque was opened on October 22, 2004. The former President Niyazov is buried in the mausoleum located near the mosque. Scriptures from the Quran and the Ruhnama are inscribed on the walls of the mosque which has led to this mosque being controversial as Muslims protest placing of the holy Quran next to the Ruhnama which has been written by the ex-President.



Turkmenbashi city on the Caspian Sea

SECTION III

Trade

Trade contributes 84 percent to Turkmenistan’s GDP. In 2016, Turkmenistan exported \$7.42 billion worth of goods which included gas, petroleum oil, fertilizers, plastics, textiles, and cotton fiber. Imports in 2016 were worth \$4.66 billion which mostly comprised of machinery and equipment, electrical machines, iron or steel, furniture, vehicles, etc.

The country ranked 90th in world exports and 124th in world imports for the year 2015.

Trade Balance:

The figure below shows Turkmenistan’s trade balance for the period 2007-2016. A sharp decline in exports in 2009 to \$2.27 billion combined with an increase in imports to \$5.30 billion resulted in a trade deficit of \$3.03 billion. This was the period when the Turkmen section of the Central Asia-Center gas pipeline exploded because of which Turkmenistan reduced its natural gas exports. Turkmenistan’s balance improved from 2010-2014 due to increased exports. In 2010-2011, the export figure more than doubled from 2.68 billion to 7.43 billion; this increase coincides with the start of gas exports to China. In 2016, Turkmenistan had a favorable trade balance of \$2.76 billion.

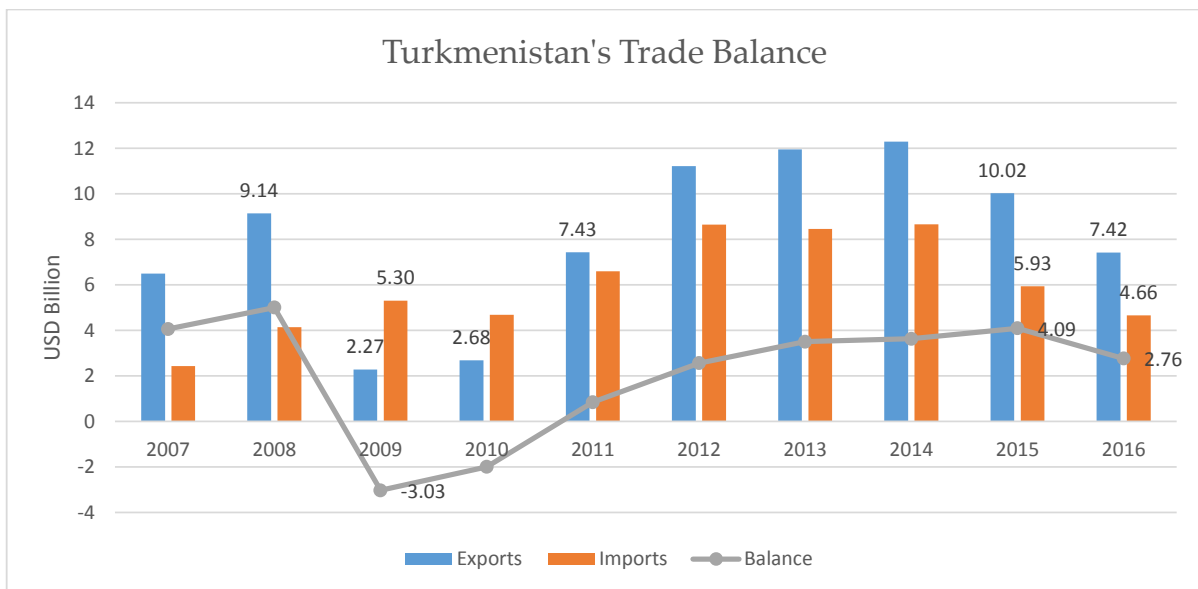


Figure 20 Turkmenistan’s Trade Balance

33 All trade figures have been retrieved from ITC Trade Map. Due to non-availability of data, MIRROR DATA has been utilized for Turkmenistan. Plus, all figures have been rounded off to 2 decimals.

Major Trading Partners:

Imports:

Turkmenistan's top import partners in 2016 were Turkey (\$1.25 billion), Russia (\$0.57 billion), Germany (\$0.40 billion), and Japan (\$0.40 billion). The largest share of Turkmenistan's imports was from Turkey which accounted for more than 25% of Turkmenistan's imports in 2016. Moreover, imports from Russia decreased while those from Germany, Japan, and Republic of Korea increased.

Turkmenistan's Top 10 Import Partners										
<i>*All Values in USD Billion</i>										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	2.43	4.14	5.30	4.68	6.59	8.65	8.45	8.66	5.93	4.66
Turkey	0.34	0.66	0.95	1.14	1.49	1.48	1.96	2.23	1.86	1.25
Russia	0.38	0.81	1.00	0.72	1.12	1.21	1.43	1.14	0.84	0.57
Germany	0.22	0.26	0.34	0.34	0.43	0.42	0.52	0.37	0.34	0.40
Japan	0.09	0.07	0.03	0.02	0.27	0.12	0.06	0.06	0.03	0.40
Republic of Korea	0.01	0.02	0.07	0.11	0.24	0.19	0.14	0.19	0.18	0.36
China	0.30	0.80	0.92	0.53	0.78	1.70	1.14	0.95	0.82	0.34
Italy	0.02	0.04	0.17	0.09	0.31	0.22	0.18	0.22	0.23	0.25
France	0.05	0.13	0.25	0.17	0.12	0.23	0.16	0.25	0.10	0.11
United States of America	0.18	0.06	0.31	0.04	0.07	0.09	0.26	0.46	0.08	0.11
Belarus	0.09	0.05	0.07	0.09	0.21	0.23	0.32	0.17	0.08	0.10

Table 5 Turkmenistan's Top 10 Import Partners

Imports from China have dropped recently, otherwise the country is one of the top import partners.

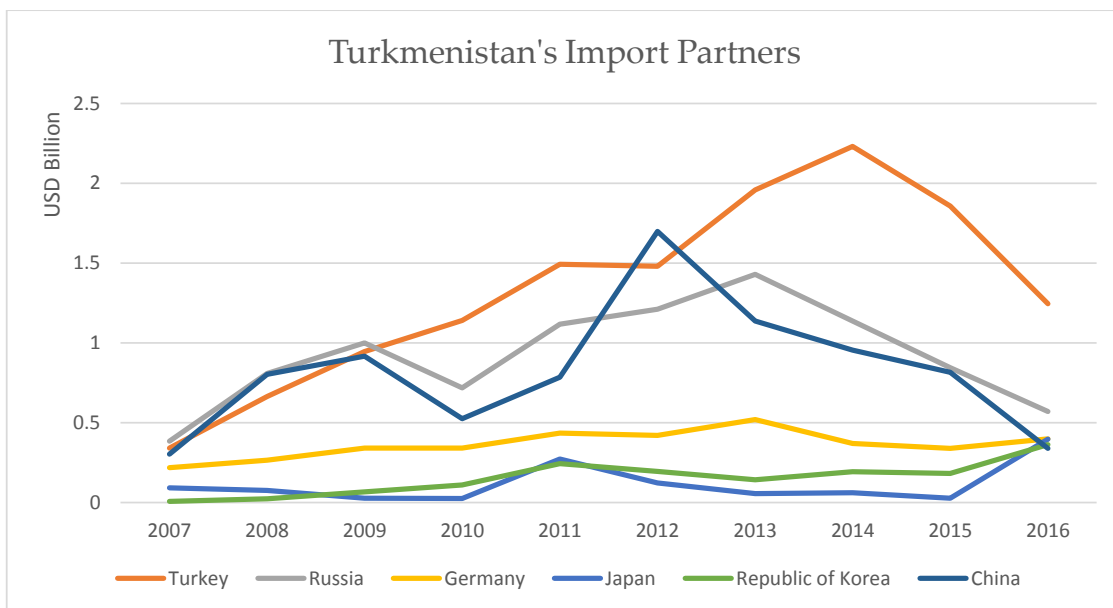


Figure 21 Turkmenistan's Import Partners

Major Imports

The table below shows Turkmenistan's top imports from the world at HS 02 Level. Machinery, articles of iron and steel, and electrical machinery constituted top import products of Turkmenistan in 2016.

Turkmenistan's Top Imports at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	8.65	8.45	8.66	5.93	4.66
Product Code	Product Description					
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	1.77	1.53	1.62	1.13	1.34
73	Articles of iron or steel	1.65	0.83	1.02	0.83	0.59
85	Electrical machinery and equipment and parts thereof;	0.82	1.20	0.99	0.85	0.55
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.75	0.72	0.58	0.40	0.21
72	Iron and steel	0.42	0.45	0.37	0.26	0.13
90	Optical, photographic, cinematographic, measuring, checking,	0.19	0.18	0.18	0.16	0.13
39	Plastics and articles thereof	0.17	0.19	0.25	0.18	0.12
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings;	0.22	0.29	0.25	0.18	0.11
30	Pharmaceutical products	0.11	0.11	0.13	0.12	0.11
88	Aircraft, spacecraft, and parts thereof	0.17	0.35	0.50	0.02	0.10

Table 6 Turkmenistan's Imports at HS-02 Level

At HS 06 level Turkmenistan's top imports in 2016 included air pumps, air or other gas compressors (\$179.68 million), structures and parts of structures of iron or steel (\$165.73 million), commodities not elsewhere specified (\$136.77 million), and heat-exchange units (\$129.19 million).

Turkmenistan's Top Imports at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	8,651.40	8,450.05	8,657.37	5,931.50	4,664.35
Product Code	Product Description					
841480	Air pumps, air or other gas compressors and ventilating or recycling hoods incorporating a fan,	47.95	52.20	26.11	24.11	179.68
730890	Structures and parts of structures, of iron or steel, n.e.s.	223.66	151.72	215.67	266.57	165.73
999999	Commodities not elsewhere specified	425.44	457.13	433.92	31.02	136.77
841950	Heat-exchange units	65.32	21.87	28.00	26.34	129.19
730810	Bridges and bridge-sections, of iron or steel	35.68	4.37	14.7	39.82	125.90
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	58.66	62.44	60.78	43.98	78.32
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic	79.80	77.94	91.73	84.86	77.11
848180	Appliances for pipes, boiler shells, tanks, vats	270.05	126.65	80.97	76.37	76.67
841370	Centrifugal pumps, power-driven	61.80	45.57	43.51	25.65	71.25
721420	Bars and rods, of iron or non-alloy steel	202.56	202.59	192.34	147.50	66.50

Table 7 Turkmenistan's Imports at HS 06 level

Exports:

China followed by Turkey, Italy and Russia are the top export partners of Turkmenistan. In 2016 nearly 75% of Turkmenistan's exports were destined for China making China its largest export market. The decrease in gas prices has, however, seen the value of exports to China fall from a peak of \$9.52 billion in 2014 when they were nearly 78% of total exports to \$5.56 billion in 2016.

Turkmenistan's Top 10 Export Partners										
<i>*All Values in USD Billion</i>										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	6.49	9.14	2.27	2.68	7.43	11.21	11.95	12.29	10.02	7.42
China	0.05	0.03	0.04	1.04	4.69	8.67	8.89	9.52	7.83	5.56
Turkey	0.40	0.39	0.33	0.39	0.39	0.30	0.65	0.62	0.56	0.42
Italy	0.24	0.29	0.06	0.19	0.37	0.54	0.49	0.53	0.18	0.42
Russia	0.07	0.10	0.05	0.15	0.14	0.18	0.14	0.09	0.07	0.33
Kazakhstan	0.14	0.22	0.06	0.01	0.07	0.18	0.22	0.12	0.06	0.21
Romania	0.13	0.25	0.02	0.02	0.04	0.00	0.00	0.02	0.09	0.10
Georgia	0.15	0.14	0.07	0.06	0.06	0.03	0.05	0.07	0.11	0.08
Germany	0.00	0.07	0.05	0.09	0.07	0.10	0.01	0.18	0.01	0.06
Greece	0.03	0.02	0.02	0.00	0.03	0.00	0.05	0.03	0.03	0.04
France	0.01	0.06	0.04	0.01	0.01	0.03	0.00	0.03	0.00	0.04
Ukraine	4.71	5.63	0.72	0.03	0.74	0.12	0.10	0.02	0.02	N/A

Table 8 Turkmenistan's Top 10 Export Partners³⁴

Prior to 2010, Ukraine was one of the top export partners of Turkmenistan, and consumed large amounts of Turkmen natural gas. However, after the gas pipeline incident in 2009, price disputes, and Turkmenistan's agreement with China, Turkmenistan stopped supplying natural gas to Ukraine, and the export figure abruptly fell in 2009. The following graph shows this trend, and also exhibits Turkmenistan's relationship with its other export partners.

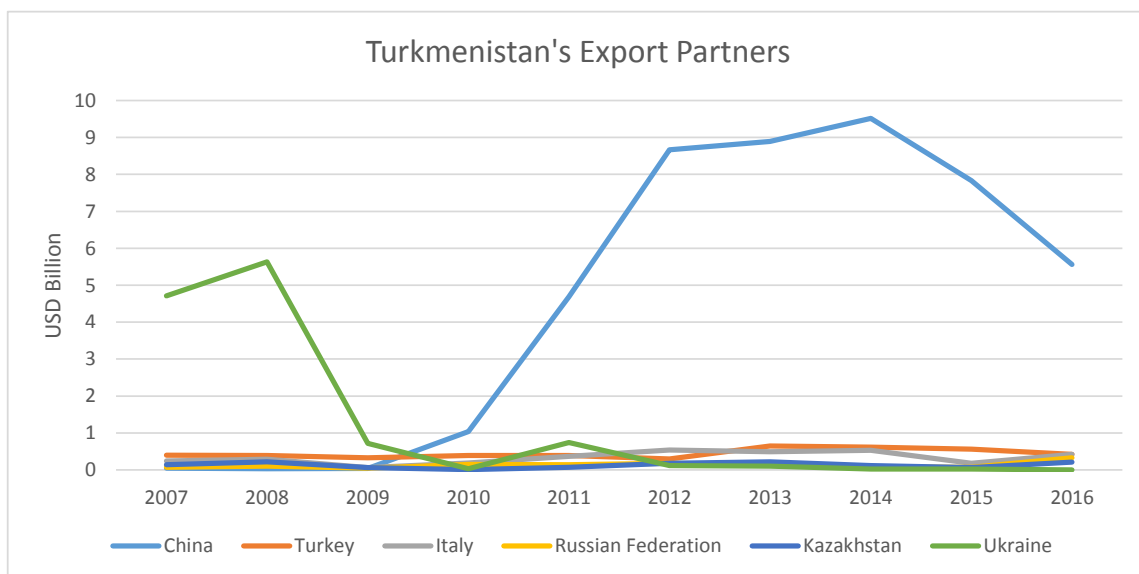


Figure 22 Turkmenistan's Export Partners

³⁴ Note: Ukraine is not one of the top 10 export partners of Turkmenistan for the year 2016

Major Exports

The table below shows Turkmenistan's top exports to the world at HS 02 Level. Mineral fuels, cotton, and ships, boats and floating structures were the country's top export items in 2016.

Turkmenistan's Top Exports at HS 02 Level						
*All Values in USD Billion						
		2012	2013	2014	2015	2016
TOTAL	All Products	11.21	11.95	12.29	10.02	7.42
Product Code	Product Description					
27	Mineral fuels, mineral oils and products of their distillation;	10.37	10.66	11.15	9.05	6.44
52	Cotton	0.48	0.63	0.62	0.57	0.47
89	Ships, boats and floating structures	0.00	N/A	0.02	0.00	0.22
39	Plastics and articles thereof	0.13	0.11	0.11	0.09	0.07
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.01	0.03	0.03	0.09	0.04
31	Fertilisers	0.00	N/A	0.01	0.02	0.03
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.05	0.05	0.05	0.04	0.03
14	Vegetable plaiting materials; vegetable	0.01	0.00	0.01	0.01	0.02
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.02	0.02	0.02	0.02	0.02
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.02	0.01	0.01	0.01	0.02

Table 9 Turkmenistan's Exports at HS 02 Level

At HS 06 level, natural gas in gaseous state (\$5.67 billion), petroleum oils and oils obtained from bituminous minerals (\$ 0.54 billion) and cotton, neither carded nor combed (\$0.23 billion) were the top exports to the world in 2016.

The fall in 2016 export value of \$2.60 billion from 2015 was due to a drop-in exports of natural gas in gaseous state (down by \$2.34 billion), cotton, neither carded nor combed (down by \$0.09 billion), and medium oils (down by \$0.21 billion).

Turkmenistan's Top Exports at HS 06 Level						
*All Values in USD Billion						
		2012	2013	2014	2015	2016
TOTAL	All Products	11.21	11.95	12.29	10.02	7.42
Product Code	Product Description					
271121	Natural gas in gaseous state	8.74	9.11	9.65	8.01	5.67
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.14	0.07	0.18	0.27	0.54
520100	Cotton, neither carded nor combed	0.22	0.37	0.40	0.32	0.23
890520	Floating or submersible drilling or production platforms	N/A	N/A	N/A	N/A	0.21
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	1.11	1.03	0.84	0.40	0.19
520512	Single cotton yarn, of uncombed fibres, containing	0.18	0.13	0.13	0.15	0.17
390210	Polypropylene, in primary forms	0.13	0.11	0.11	0.09	0.07
250300	Sulphur of all kinds (excluding sublimed sulphur, precipitated sulphur and colloidal sulphur)	0.01	0.03	0.03	0.09	0.04
310210	Urea, whether or not in aqueous solution	N/A	N/A	0.01	N/A	0.03
140420	Cotton linters	0.01	0.00	0.01	0.01	0.02

Table 10 Turkmenistan's Exports at HS-06 Level

Turkmenistan's Regional Trade

Trade with Kazakhstan

On April 15, 1994 Kazakhstan became part of the free trade zone area of the Commonwealth of Independent States (CIS). The agreement states that the imports of goods produced within the CIS with proper certification are liable for concessions in customs and value-added taxes in Kazakhstan. This exemption does not hold for excise goods (such as alcohol), furniture; video, television, computer equipment and accessories for electronic equipment³⁵. However, Turkmenistan has still not signed this agreement. In June 2004, Kazakhstan joined the Trade and Investment Framework Agreement (TIFA) along with the U.S, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan to provide a forum for addressing trade issues, and enhancing trade and investment between the USA and Central Asia.

In May 2013, the Turkmen President Berdimuhamedow met with Kazakhstan's President in Astana to discuss cooperation in trade, investment, and communication³⁶. Along with Iran, the three countries are part of the Kazakhstan-Turkmenistan-Iran railway project, which provides access to the Persian Gulf (2016).

The following figure shows Turkmenistan's trade with Kazakhstan over a period of ten years. From 2007-2010, the trade deficit with Kazakhstan increased which was mainly due to declining exports of natural gas. In 2011, the trade deficit reduced due to increased exports. However, in 2014, imports rose to \$0.35 billion, and exports fell to \$0.12 billion which led to a sharp fall in the trade balance (trade deficit at \$0.23 billion). In 2016, Turkmenistan enjoyed a trade surplus of \$0.15 billion in its trade with Kazakhstan.

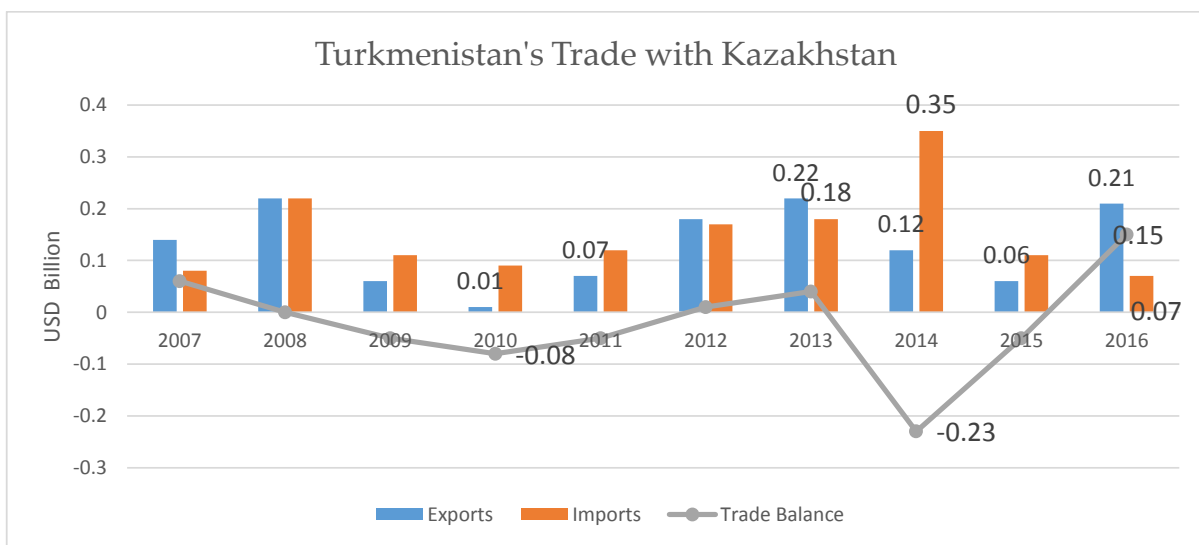


Figure 23 Trade with Kazakhstan

Major Imports from Kazakhstan:

The following table shows Turkmenistan's top imports from Kazakhstan at HS 02 level. Salt; sulphur at \$18.79 million was the top import from Kazakhstan in 2016. This was followed by products of milling industry (\$11.57 million), and preparations of cereals (\$8.91 million).

35 <https://www.export.gov/article?id=Kyrgyz-Republic-Trade-Agreements>

36 <https://www.azernews.az/region/53683.html>

Turkmenistan's Top Imports from Kazakhstan at HS 02 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
TOTAL	All products	165.60	177.50	353.80	114.54	69.10
Product code	Product Description					
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	24.95	18.39	29.16	26.82	18.79
11	Products of the milling industry; malt; starches; inulin; wheat gluten	24.26	24.30	24.33	13.29	11.57
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	10.53	14.44	17.24	13.42	8.91
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	4.15	6.34	7.56	5.97	4.78
21	Miscellaneous edible preparations	8.85	7.93	8.81	5.35	3.53
86	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures	0.89	0.42	5.31	0.04	2.83
39	Plastics and articles thereof	1.79	2.52	2.03	2.43	2.31
73	Articles of iron or steel	3.52	10.07	13.48	1.48	1.63
10	Cereals	3.74	5.57	0.83	1.72	1.60
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.22	2.75	2.44	2.49	1.46

Table 11 Imports from Kazakhstan at HS 02 Level

The following table shows Turkmenistan's top imports from Kazakhstan at HS 06 level. Natural barium sulphate (down by \$6.31 million), wheat or meslin flour (down by \$1.28 million), and food preparations for infant use (down by \$2.91 million) were the top three imports in 2016.

Turkmenistan's Top Imports from Kazakhstan at HS 06 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
Total	All Products	165.60	177.50	353.80	114.54	69.10
Product Code	Product Description					
251110	Natural barium sulphate "barytes"	16.85	16.26	26.23	20.02	13.71
110100	Wheat or meslin flour	24.18	23.88	23.47	12.57	11.29
190110	Food preparations for infant use,	6.75	9.81	12.58	10.04	7.13
251020	Natural calcium phosphates and natural aluminium calcium phosphates,	7.96	1.97	2.86	6.78	4.23
860610	Railway or tramway tank wagons and the like	0.00	0.00	0.65	0.00	2.75
392350	Stoppers, lids, caps and other closures, of plastics	1.37	1.77	1.71	1.96	2.16
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s.	0.19	0.41	0.18	0.05	1.52
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	3.73	5.57	0.83	1.72	1.51
070310	Fresh or chilled onions and shallots	1.42	1.03	0.21	0.41	1.38
210112	Preparations with a basis of extracts, essences or concentrates of coffee or with a basis of coffee	0.38	0.55	0.66	0.45	1.09

Table 12 Imports from Kazakhstan at HS 06 Level

Major Exports to Kazakhstan

The following table shows Turkmenistan's top exports to Kazakhstan at HS 02 level. Exports increased by \$150.69 million in 2016. This was due to an increase in export of mineral fuels (up by \$140.67 million), articles of iron or steel (up by \$4.9 million), and ships, boats and floating structures (up by \$2.65 million).

Turkmenistan's Top Exports to Kazakhstan at HS 02 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	178.98	219.41	121.25	63.71	214.40
Product Code	Product Description					
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral .	175.34	210.00	93.36	54.41	195.08
73	Articles of iron or steel	0.00	0.24	0.08	0.50	5.40
89	Ships, boats and floating structures	0.00	0.00	23.90	2.42	5.07
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.00	0.72	0.76	2.28	3.39
07	Edible vegetables and certain roots and tubers	2.20	2.53	1.32	1.33	1.36
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.00	0.00	0.00	0.87	0.90
08	Edible fruit and nuts; peel of citrus fruit or melons	0.60	1.05	0.48	0.59	0.56
39	Plastics and articles thereof	0.50	0.14	0.00	0.07	0.49
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.00	0.02	0.06	0.00	0.38
38	Miscellaneous chemical products	0.00	0.00	0.00	0.00	0.36

Table 13 Exports to Kazakhstan at HS 02 level

Following table shows Turkmenistan's major exports to Kazakhstan at HS 06 level. The top three exports to Kazakhstan in 2016 were natural gas in gaseous state (\$192.07 million), vessels including lifeboats (\$5.07 million) and line pipe of a kind used for oil or gas pipelines (\$4.32 million).

Turkmenistan's Top Exports to Kazakhstan at HS-06 Level						
<i>*All values in USD Million</i>						
		2012	2013	2014	2015	2016
Total	All Products	178.98	219.41	121.25	63.71	214.4
Product Code	Product Description					
271121	Natural gas in gaseous state	175.34	208.97	91.40	53.00	192.07
890690	Vessels, incl. lifeboats	0.00	0.00	12.14	2.42	5.07
730519	Line pipe of a kind used for oil or gas pipelines,	0.00	0.00	0.00	0.00	4.32
271099	Waste oils containing mainly petroleum or bituminous minerals	0.00	0.00	0.52	1.43	2.20
841229	Hydraulic power engines and motors	0.00	0.27	0.15	0.28	2.20
070200	Tomatoes, fresh or chilled	1.32	1.39	0.90	0.97	1.01
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s.	0.00	0.01	0.00	0.07	0.98
271091	Waste oils	0.00	0.00	0.00	0.00	0.81
253090	Arsenic sulfides, alunite, pozzuolana, earth colours and other mineral substances, n.e.s.	0.00	0.00	0.00	0.20	0.69
732690	Articles of iron or steel, n.e.s.	0.00	0.04	0.02	0.16	0.59

Table 14 Exports to Kazakhstan at HS-06 Level

Trade with Kyrgyzstan

Like Kazakhstan, Kyrgyzstan is also part of the CIS free trade area. Currently the trade volumes between Turkmenistan and Kyrgyzstan are low and constitute less than 1 percent of Turkmenistan's total trade. The figure below shows trade flows between Turkmenistan and Kyrgyzstan. Turkmenistan imports edible vegetables, salt, sulphur, and electrical machinery from Kyrgyzstan, and in exchange provides articles of apparel and clothing, fertilisers, and animal or vegetable fats and oils. In 2016, Turkmenistan imported \$5.70 million worth of goods, and exported \$4.36 million worth of goods to Kyrgyzstan resulting in a trade deficit of \$1.34 million.

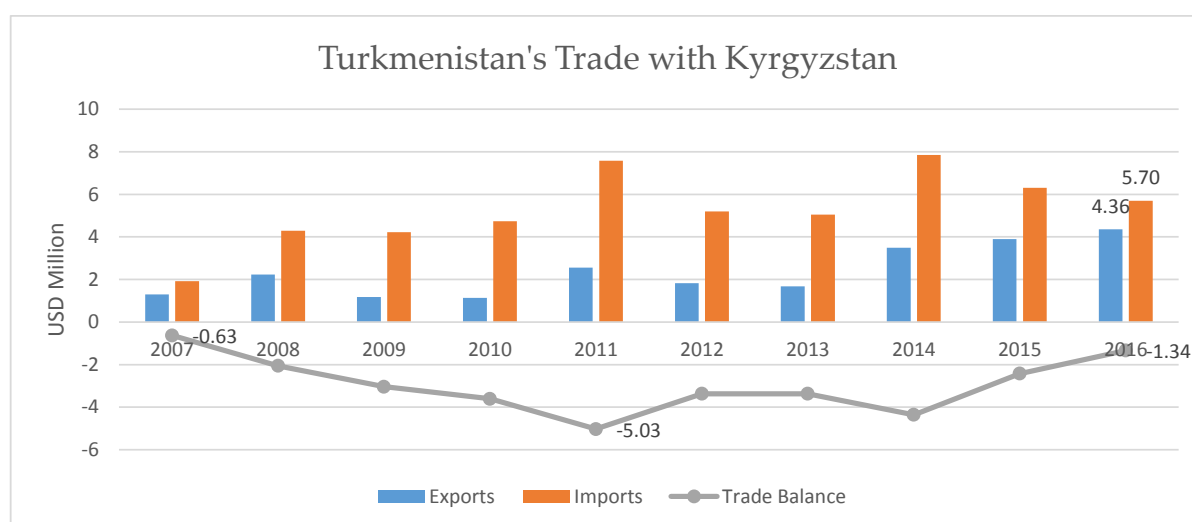


Figure 24 Trade with Kyrgyzstan

Major Imports from Kyrgyzstan

The following table shows the top imports from Kyrgyzstan at HS 02 level. Top three imports in 2016 were electrical machinery (\$2.03 million), Salt; sulphur (\$2.01 million), and miscellaneous edible preparations (\$0.56 million).

Turkmenistan's Top Imports from Kyrgyzstan at HS 02 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
TOTAL	All products	5.19	5.05	7.85	6.31	5.70
Product Code	Product Description					
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television .	2.68	2.58	3.87	2.95	2.03
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.00	0.00	0.00	1.86	2.01
21	Miscellaneous edible preparations	0.00	0.00	0.00	0.00	0.56
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.91	0.53	3.15	0.36	0.25
07	Edible vegetables and certain roots and tubers	0.47	1.67	0.76	0.22	0.20
08	Edible fruit and nuts; peel of citrus fruit or melons	0.02	0.00	0.00	0.09	0.20
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00	0.00	0.00	0.00	0.18
57	Carpets and other textile floor coverings	0.00	0.00	0.00	0.00	0.06

Turkmenistan's Top Imports from Kyrgyzstan at HS 02 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	0.02	0.05	0.05	0.01	0.05
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.13	0.00	0.00	0.53	0.05

Table 15 Imports from Kyrgyzstan at HS 02 Level

The following table shows Turkmenistan's top imports from Kyrgyzstan at HS-06 level. Top three imports in 2016 were natural barium sulphate "barytes", filament lamps, and food preparations.

Turkmenistan Top Imports from Kyrgyzstan at HS-06 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
Total	All Products	5.19	5.05	7.85	6.31	5.70
Product code	Product Description					
251110	Natural barium sulphate "barytes"	0.00	0.00	0.00	1.86	2.01
853922	Filament lamps of a power	2.39	2.21	3.61	2.59	1.93
210690	Food preparations, n.e.s.	0.00	0.00	0.00	0.00	0.56
870891	Radiators and parts thereof, for tractors, motor vehicles	0.30	0.40	0.40	0.36	0.25
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	0.00	0.00	0.00	0.00	0.16
080232	Fresh or dried walnuts, shelled	0.00	0.00	0.00	0.06	0.15
070310	Fresh or chilled onions and shallots	0.44	0.94	0.53	0.17	0.12
853929	Filament lamps, electric	0.28	0.37	0.26	0.33	0.10
570241	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction, made up	0.00	0.00	0.00	0.00	0.06
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	0.02	0.05	0.05	0.01	0.05

Table 16 Imports from Kyrgyzstan at HS-06 Level

Major Exports to Kyrgyzstan

The table below shows Turkmenistan's top exports to Kyrgyzstan at HS 02 level. Top three exports in 2016 were articles of apparel and clothing accessories (\$1.44 million), fertilisers (\$1.06 million), and animal or vegetables fats and oils (\$0.85 million).

Turkmenistan's Top Exports to Kyrgyzstan at HS 02 level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
TOTAL	All products	1.82	1.68	3.49	3.89	4.36
Product code	Product Description					
61	Articles of apparel and clothing accessories, knitted or crocheted	0.00	0.00	0.04	0.00	1.44
31	Fertilisers	0.00	0.00	0.00	0.84	1.06
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal	0.77	0.99	0.72	2.25	0.85

Turkmenistan's Top Exports to Kyrgyzstan at HS 02 level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
39	Plastics and articles thereof	0.82	0.52	0.76	0.11	0.56
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00	0.00	0.00	0.00	0.23
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.00	0.00	0.00	0.00	0.06
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.00	0.00	0.13	0.00	0.05
60	Knitted or crocheted fabrics	0.00	0.00	0.00	0.00	0.04
57	Carpets and other textile floor coverings	0.00	0.00	0.00	0.00	0.03
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0.00	0.00	0.00	0.00	0.01

Table 17 Exports to Kyrgyzstan at HS 02 level

The following table shows top exports to Kyrgyzstan at HS 06 level. Urea, whether or not in aqueous solution (\$1.06 million), crude cotton-seed oil (\$0.85 million) and polypropylene, in primary forms (\$0.56 million) were the top three exports to Kyrgyzstan in 2016.

Turkmenistan's Top Exports to Kyrgyzstan at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	1.82	1.68	3.49	3.89	4.36
Product code	Product Description					
310210	Urea, whether or not in aqueous solution	0.00	0.00	0.00	0.84	1.06
151221	Crude cotton-seed oil	0.20	0.99	0.72	2.25	0.85
390210	Polypropylene, in primary forms	0.82	0.52	0.76	0.11	0.56
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.37
610510	Men's or boys' shirts of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.29
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.27
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	0.00	0.00	0.00	0.00	0.21
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.19
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.17
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted	0.00	0.00	0.00	0.00	0.08

Table 18 Exports to Kyrgyzstan at HS-06 Level

Trade with Uzbekistan³⁷

Turkmenistan and Uzbekistan are bound by historical roots and they share a common history which goes back many centuries.

Turkmenistan supplies petroleum products, propylene polymers and other chemicals, and receives transport vehicles, mineral fertilisers, agricultural products, construction materials, electrical and mechanical equipment from Uzbekistan. During the Uzbek-Turkmen commission on trade-economic, scientific-technical and cultural cooperation meeting in Tashkent (2012), it was agreed to increase trade by two-folds i.e. to \$1 billion, along with increased cooperation in economic, energy, transport, and communication sector³⁸.

Uzbekistan is part of the Ashgabat Agreement which envisages construction of a transit corridor that will enable transport of goods between Central Asia and the Persian Gulf. Other countries involved in the project are Turkmenistan, Oman, Iran, Kazakhstan, and Pakistan.

The newly elected President of Uzbekistan, Shavkat Mirziyoyev, made his first foreign visit to Turkmenistan in March 2017. During his visit, the two presidents discussed cooperation in the areas of commerce, transportation, economy, petrochemicals, agriculture, and tourism. After the meetings, a Joint Statement was adopted and an agreement on strategic partnership between the two countries was signed. The two governments also signed the following agreements:

- Economic Cooperation 2018-2020
- Development of Cooperation in Railroad Transport
- Intergovernmental Programme of Cooperation in Cultural and Humanitarian Sphere for 2017 – 2019
- Programme of cooperation between the Ministries of Foreign Affairs of Turkmenistan and the Republic of Uzbekistan for 2017 – 2018
- An Agreement on Cooperation in Trade and Economic, Cultural and Humanitarian spheres between Dasoguz and Khorezm Regions and between Lebap and Bukhara Regions.

Due to non-availability of data we cannot comment on trade between the two countries.

Trade with Tajikistan³⁹

Relations between the two countries were established on January 27, 1993. Tajikistan has an embassy in Ashgabat while the Embassy of Turkmenistan is in Dushanbe.

During Tajik Prime Minister's visit to Turkmenistan in January 1993, a number of documents were signed between the two countries that focused on improving bilateral cooperation in trade and economic fields. Moreover, a Joint Communique was issued when the President of Tajikistan Emomali Rahmon visited Turkmenistan in 1995.

³⁷ Figures for Uzbekistan-Turkmenistan trade are not available on ITC Trade Map

³⁸ <https://en.trend.az/casia/uzbekistan/2063132.html>

³⁹ Trade figures for Tajikistan-Turkmenistan are not available on ITC Trade Map

During the Tajik President Rahmon’s visit to Turkmenistan in 2009, prospective cooperation on trade-economic, energy, and scientific-technical level was discussed. Furthermore, in 2012, the two presidents signed documents on cooperation in the areas of education, culture, and economy.

Turkmenistan and Tajikistan have formed a successful partnership in the area of rail transportation and automobile communication. An agreement for constructing the “Tajikistan-Afghanistan-Turkmenistan railroad” was signed in 2013 that will connect the three countries to China and Europe. It is hoped that the project will increase trade, create jobs, and boost foreign investment in the region.

Turkmenistan exports oil, refined cottonseed oil, and cement to Tajikistan, and receives consumer goods, aluminum and articles thereof, other agricultural products from Tajikistan.

Due to non-availability of data we cannot comment on trade between the two countries.

Trade with Iran

Iran is one of the neighboring countries of Turkmenistan. Turkmenistan has collaborated with Iran in areas relating to transportation, economics, infrastructure, and energy. The countries are connected by two gas pipelines, Korpeje–Kordkuy pipeline and Dauletabad–Sarakhs–Khangiran pipeline. Other joint projects include the Tejen–Serakhs–Mashhad railway, Kazakhstan-Turkmenistan-Iran railway, and Doosti Dam in Iran. Previously, Iran had been a prominent importer of Turkmen natural gas, however, recently Turkmenistan reduced its supply of natural gas to Iran due to non-payment of debts.

Overall trade with Iran has not been in favor of Turkmenistan with the trade deficit growing after 2006. Initially, Turkmenistan imported essential oils and oils of mints from Iran, these came to a complete halt after 2003, and contributed to a slight improvement in the trade balance. The trade balance in 2004 turned positive for Turkmenistan due to a spur in light oils exports. However, the situation did not last long and the supply of goods to Iran decreased pushing the balance towards a trade deficit in 2006. In 2011, imports amounted to \$477 million and exports totaled \$58 million, resulting in a trade deficit of \$419 million with Iran.



Figure 25 Trade with Iran⁴⁰

⁴⁰ Turkmenistan-Iran trade figures for 2007, 2008, 2009, and 2012 onwards are unavailable on ITC TradeMap

Major Imports from Iran

The table below shows the top products imported from Iran by Turkmenistan at HS 02 level. Top imports of 2011 were salt; sulphur, plastics and articles thereof, and articles of iron or steel.

Imports in 2011 increased by \$63.80 million which was due to an increase in import of plastics and articles thereof (up by \$22.91 million), articles of iron or steel (up by 23.42 million) mineral fuels (up by \$21.42 million), and iron and steel (up by \$10.93 million).

Turkmenistan's Top Imports from Iran at HS 02 Level			
<i>*All Values in USD Million</i>			
		2010	2011
TOTAL	All products	413.69	477.49
Product code	Product Description		
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	72.44	60.95
39	Plastics and articles thereof	33.23	56.14
73	Articles of iron or steel	12.81	36.23
07	Edible vegetables and certain roots and tubers	26.18	33.71
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	10.58	32.00
57	Carpets and other textile floor coverings	30.45	31.12
08	Edible fruit and nuts; peel of citrus fruit or melons	40.67	26.01
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes	23.82	24.50
72	Iron and steel	13.43	24.36
69	Ceramic products	8.99	12.13

Table 19 Imports from Iran at HS-02 Level

Following table shows top import products from Iran at HS 06 level. Top three import products in 2011 were Portland cement, petroleum bitumen, and fresh or chilled potatoes.

Turkmenistan's Top Imports from Iran at HS 06 Level			
<i>*All Values in USD Million</i>			
		2010	2011
TOTAL	All products	413.69	477.49
Product code	Product Description		
252329	Portland cement (excluding white, whether or not artificially coloured)	66.29	54.94
271320	Petroleum bitumen	10.43	31.19
070190	Fresh or chilled potatoes (excluding seed)	17.32	26.68
570292	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, not of pile construction, made up	24.40	23.53
320890	Paints and varnishes based, incl. enamels and lacquers, on synthetic polymers or chemically modified natural polymers,	18.86	18.75
391721	Rigid tubes, pipes and hoses, of polymers of ethylene	9.11	17.43
080810	Fresh apples	31.67	16.35
730630	Tubes, pipes and hollow profiles, welded, of circular cross-section, of iron or non-alloy steel	3.86	13.66
690890	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing	7.44	10.61
392010	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene	5.76	9.20

Table 20 Imports from Iran at HS 06 level

Major Exports to Iran

The following table shows top exports to Iran in 2010 and 2011 at HS 02 level, these include mineral fuels, mineral oils, residues and waste from the food industries, and inorganic chemicals, etc. The value for mineral fuels & mineral oils decreased by more than half in 2011 which led to a fall in the export value.

Turkmenistan's Top Exports to Iran at HS 02 Level			
<i>*All Values in USD Million</i>			
		2010	2011
TOTAL	All products	89.02	58.36
Product code	Product Description		
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	66.99	32.39
23	Residues and waste from the food industries; prepared animal fodder	13.48	17.83
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1.10	1.93
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0.02	1.92
52	Cotton	3.92	1.50
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.23	0.88
38	Miscellaneous chemical products	0.58	0.82
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.26	0.53
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.00	0.17
50	Silk	0.17	0.12

Table 21 Exports to Iran at HS-02 Level

The following table shows Turkmenistan's top exports to Iran at HS 06 level. Top exports to Iran in 2011 were medium oils and preparations, oilcake and other solid residues, light oils and preparations, and cotton linters.

Turkmenistan's Top Exports to Iran at HS 06 Level			
<i>*All Values in USD Million</i>			
		2010	2011
TOTAL	All products	89.02	58.36
Product code	Product Description		
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	26.49	20.45
230610	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of cotton seeds	12.24	17.83
271011	Light oils and preparations, of petroleum or bituminous minerals	23.91	11.77
140420	Cotton linters	0.02	1.92
280120	Iodine	0.64	1.85
520512	Single cotton yarn, of uncombed fibres	0.66	0.92
152200	Degras; residues resulting from the treatment of fatty substances or animal or vegetable waxes	0.23	0.88
382319	Fatty acids, industrial, monocarboxylic; acid oils from refining	0.58	0.80
842952	Self-propelled mechanical shovels, excavators and shovel loaders, with a 360° revolving superstructure	0.09	0.38
520511	Single cotton yarn, of uncombed fibres	0.32	0.29

Table 22 Exports to Iran at HS-06 Level

Trade with Turkey

Over the years, Turkmenistan and Turkey have enjoyed cordial relations which include cooperation in trade, economics, foreign investments, and politics. Both countries are part of the Lapis Lazuli transport and transit corridor project that hopes to strengthen trade and economic relations in Eurasia. In 2015, Turkmenistan's President Berdimuhamedow visited Ankara which resulted in an energy cooperation agreement between Turkey, Azerbaijan, and Turkmenistan. Moreover, Turkey has always had a favourable stance over the construction of the Trans-Caspian Gas Pipeline (TCGP).

The figure below shows Turkmenistan's trade balance with Turkey for the last ten years. Trade has predominantly been in favour of Turkey owing to a persistent trade deficit from 2008-2016. This was due to its position as one of the leading import partners of Turkmenistan. Turkey is a major destination for Turkmen exports as well. From 2009-2013, the value of exports increased with a minor dip in 2012. In 2013, exports more than doubled from \$0.30 billion to \$0.65 billion. This surge was due to an increase in exports of cotton. In 2016, imports from Turkey were \$1.25 billion which constituted 26.82 percent of Turkmenistan's total imports. The corresponding export value was \$0.42 billion which resulted in a trade deficit of \$0.82 billion.

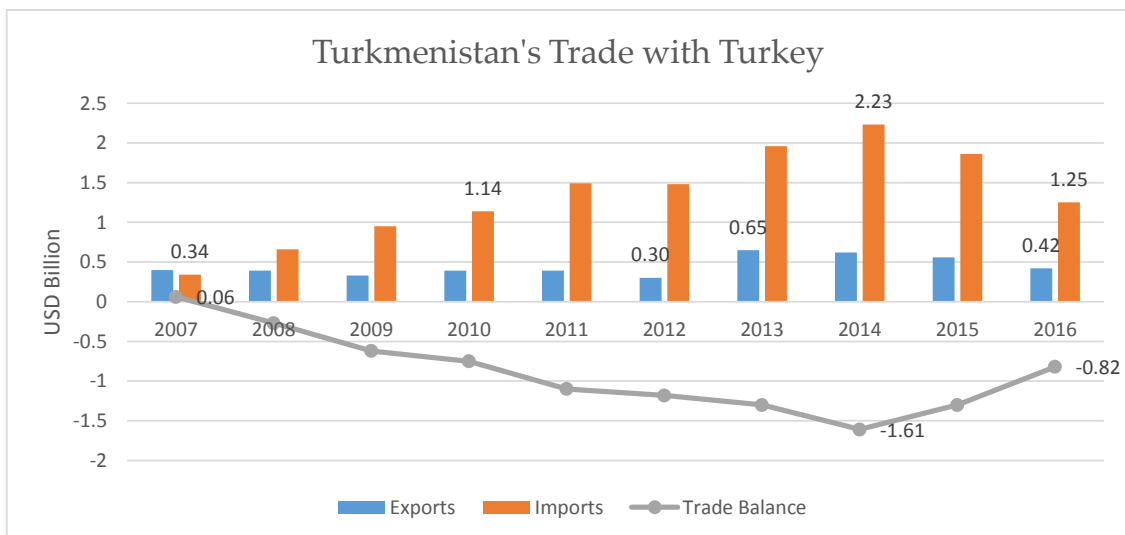


Figure 26 Trade with Turkey

Major Imports from Turkey

Imports from Turkey totaled \$1.25 billion in 2016 and majorly comprised of articles of iron or steel, electrical machinery and equipment and parts thereof, and machinery, mechanical appliances, nuclear reactors, boilers, parts thereof.

Turkmenistan's Top Exports to Turkey at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	1.48	1.96	2.23	1.86	1.25
Product code	Product Description					
73	Articles of iron or steel	0.25	0.22	0.33	0.36	0.25
85	Electrical machinery and equipment and parts thereof;	0.26	0.42	0.49	0.42	0.21
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.14	0.19	0.23	0.19	0.13

Turkmenistan's Top Exports to Turkey at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
39	Plastics and articles thereof	0.09	0.10	0.14	0.10	0.08
94	Furniture; bedding, mattresses, mattress supports, cushions	0.09	0.14	0.15	0.13	0.07
76	Aluminium and articles thereof	0.05	0.06	0.08	0.08	0.06
72	Iron and steel	0.12	0.10	0.06	0.03	0.05
44	Wood and articles of wood; wood charcoal	0.05	0.07	0.06	0.06	0.04
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.03	0.08	0.10	0.07	0.03
32	Tanning or dyeing extracts; tannins and their derivatives;	0.03	0.03	0.03	0.03	0.03

Table 23 Imports from Turkey at HS-02 Level

The following table shows Turkmenistan's top imports from Turkey at HS 06 level which include structures and parts of structures, of iron or steel, electric conductors, and bars and rods.

Turkmenistan's Top Exports to Turkey at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	1.48	1.96	2.23	1.86	1.25
Product code	Product Description					
730890	Structures and parts of structures, of iron or steel,	0.08	0.09	0.15	0.19	0.11
854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	0.07	0.08	0.10	0.07	0.04
721420	Bars and rods, of iron or non-alloy steel, with indentations, ribs	0.10	0.07	0.03	0.01	0.03
761090	Structures and parts of structures, of aluminium, n.e.s., and plates, rods, profiles, tubes and the	0.02	0.02	0.03	0.03	0.03
730619	Line pipe of a kind used for oil or gas pipelines, welded, of flat-rolled products of iron or steel,	0.00	0.00	0.00	0.02	0.03
853710	Boards, cabinets and similar combinations of apparatus for electric control	0.02	0.03	0.05	0.04	0.02
732690	Articles of iron or steel, n.e.s	0.03	0.02	0.03	0.03	0.02
760429						
	Bars, rods and solid profiles, of aluminium alloys, n.e.s.	0.01	0.01	0.01	0.02	0.02
850423	Liquid dielectric transformers, having a power handling capacity > 10.000 kVA	0.00	0.03	0.03	0.02	0.02
940360	Wooden furniture	0.01	0.03	0.04	0.04	0.01

Table 24 Imports from Turkey at HS 06 Level

Major Exports to Turkey

Exports to Turkey amounted to \$420 million in 2016 and majorly comprised of cotton, mineral fuels and mineral oils.

Cotton exports fell from \$430 million in 2015 to \$360 million in 2016. Other top imports such as mineral fuels & mineral oils, and plastics and articles thereof also fell in 2016.

Turkmenistan's Top Exports to Turkey at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	0.30	0.65	0.62	0.56	0.42
Product code	Product Description					
52	Cotton	0.25	0.44	0.45	0.43	0.36
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.03	0.19	0.10	0.06	0.02
39	Plastics and articles thereof	0.02	0.02	0.05	0.05	0.01
31	Fertilisers	0.00	0.00	0.01	0.00	0.01
41	Raw hides and skins (other than furskins) and leather	0.01	0.01	0.01	0.01	0.01

Table 25 Exports to Turkey at HS 02 Level

The following table shows Turkmenistan's top export products to Turkey at HS 06 level which include cotton, neither carded nor combed, single cotton yarn, and light oils.

Turkmenistan's Exports to Turkey at HS 06 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	0.30	0.65	0.62	0.56	0.42
Product code	Product Description					
520100	Cotton, neither carded nor combed	0.08	0.26	0.28	0.22	0.17
520512	Single cotton yarn, of uncombed fibres	0.11	0.09	0.10	0.13	0.14
271012	Light oils and preparations, of petroleum or bituminous minerals which	0.01	0.16	0.08	0.06	0.02
520812	Plain woven fabrics of cotton,	0.02	0.04	0.03	0.03	0.01
390210	Polypropylene, in primary forms	0.02	0.02	0.05	0.05	0.01
310210	Urea, whether or not in aqueous solution	0.00	0.00	0.01	0.00	0.01
520942	Denim	0.01	0.02	0.01	0.02	0.01
520511	Single cotton yarn, of uncombed fibres	0.01	0.01	0.01	0.01	0.01
410150	Whole raw hides and skins of bovine	0.00	0.01	0.01	0.00	0.01

Table 26 Exports to Turkey at HS-06 Level

Trade with Afghanistan

Afghanistan was one of the first countries to recognize Turkmenistan's independence. Turkmenistan and Afghanistan have collaborated in the Turkmenistan-Afghanistan-Tajikistan (TAT) railway line project which will form linkages between the three countries and boost trade. In 2016, the first station on the Afghan side of the Afghan – Turkmenistan border was opened. Both the nations are also involved in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) project which will allow Afghanistan to benefit from gas supply from Turkmenistan. The two countries have also cooperated in export of Turkmen electricity to Afghanistan; Turkmenistan has developed infrastructure to further facilitate the transfer.

The figure below shows Afghanistan's trade with Turkmenistan from 2008-2015. Turkmenistan has had a positive trade balance throughout this time period. This was primarily because of high exports to Afghanistan combined with low imports from that country. In 2013, imports from Afghanistan increased by more than 400 per cent, however, this surge was not sufficient to reduce the trade balance. In 2015, exports increased to \$632.40 million, and imports fell to \$0.92 million producing a surplus of \$631.50 million with Afghanistan.



Figure 27 Trade with Afghanistan

Major Imports from Afghanistan⁴¹

The following table shows Afghanistan's exports to Turkmenistan at HS 02 product level. Edible vegetables and certain roots, beverages, spirits, and vinegar, and raw hides and skins were the top three imports of Turkmenistan in 2015. Edible vegetables and certain roots constituted 60.87 percent of the total Turkmen imports from Afghanistan.

Turkmenistan's Top Imports from Afghanistan at HS 02 Level					
*All Values in USD Million					
		2012	2013	2014	2015
TOTAL	All products	2.76	14.18	5.61	0.92
Product code	Product Description				
07	Edible vegetables and certain roots and tubers	2.48	12.22	4.10	0.56
22	Beverages, spirits and vinegar	0.00	0.00	0.09	0.24
41	Raw hides and skins (other than furskins) and leather	0.07	0.01	0.00	0.08

41 Trade figures for 2015 are not available for Afghanistan on ITC Trade Map

Turkmenistan's Top Imports from Afghanistan at HS 02 Level					
*All Values in USD Million					
		2012	2013	2014	2015
38	Miscellaneous chemical products	0.00	0.00	0.00	0.02
99	Commodities not elsewhere specified	0.00	0.56	0.04	0.01
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles	0.00	0.00	0.14	0.01

Table 27 Imports from Afghanistan at HS 02 Level

The following table shows Turkmenistan's imports from Afghanistan at HS 06 product level. Commodities not elsewhere specified, non-alcoholic beverages, and wallets, purses, etc. were the top imports of 2015.

Turkmenistan's Top Imports from Afghanistan at HS 06 Level					
*All Values in USD Million					
		2012	2013	2014	2015
TOTAL	All products	2.76	14.18	5.61	0.92
Product code	Product Description				
999999	Commodities not elsewhere specified	2.55	13.04	4.24	0.67
220290	Non-alcoholic beverages (excluding water, fruit or vegetable juices and milk)	0.00	0.00	0.09	0.24
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried .	0.00	0.00	0.14	0.01

Table 28 Imports from Afghanistan at HS 06 level

Major Exports to Afghanistan⁴²

The following table shows the top exports of Turkmenistan to Afghanistan. Exports rose to \$632.41 million in 2015 from \$464.77 million in 2014. The increase was mainly due to mineral fuels which showed an increase of \$198.07 million.

Turkmenistan's Top Exports to Afghanistan at HS 02 Level					
*All Values in USD Million					
		2012	2013	2014	2015
TOTAL	All products	423.10	383.12	464.77	632.41
Product code	Product Description				
27	Mineral fuels, mineral oils and products of their distillation;	410.18	350.98	365.13	563.20
11	Products of the milling industry; malt; starches; inulin; wheat gluten	0.19	12.18	31.77	24.85
31	Fertilisers	0.00	0.00	0.80	14.85
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	0.17	7.97	40.55	9.27
99	Commodities not elsewhere specified	5.87	1.20	14.97	8.43
30	Pharmaceutical products	0.00	0.00	0.00	3.99
04	Dairy produce; birds' eggs; natural honey; edible products of animal	0.00	0.00	0.44	2.80
28	Inorganic chemicals; organic or inorganic compounds of precious	0.00	0.00	0.05	1.71
18	Cocoa and cocoa preparations	2.57	3.29	3.16	0.96
15	Animal or vegetable fats and oils and their cleavage products; prepared	0.41	1.46	7.00	0.94

Table 29 Exports to Afghanistan at HS 02 Level

⁴² Trade figures for 2015 are not available for Afghanistan on ITC Trade Map

The following table shows Turkmenistan's exports to Afghanistan at HS 06 level. Peat (\$282.36 million), natural gas in gaseous state (\$280.82 million), and commodities not elsewhere specified (\$26.48 million) were the top three exports in 2015.

Turkmenistan's Top Exports to Afghanistan at HS 06 level					
*All Values in USD Million					
		2012	2013	2014	2015
TOTAL	All products	423.10	383.12	464.77	632.41
Product code	Product Description				
270300	Peat, incl. peat litter, whether or not agglomerated	0.00	0.00	0.00	282.36
271121	Natural gas in gaseous state	53.79	110.69	119.13	280.82
999999	Commodities not elsewhere specified	366.21	247.84	263.38	26.48
110100	Wheat or meslin flour	0.19	12.18	31.77	24.48
902830	Electricity supply or production meters, incl. calibrating meters therefor	0.00	7.97	40.55	9.22
300670	Gel preparations designed to be used in human or veterinary medicine as a lubricant for parts	0.00	0.00	0.00	3.99
040700	Birds' eggs, in shell, fresh, preserved or cooked	0.00	0.00	0.44	2.80
151800	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised	0.41	1.46	7.00	0.94
110290	Cereal flours (excluding wheat, meslin and maize)	0.00	0.00	0.00	0.37
180690	Chocolate and other preparations containing cocoa, in containers or immediate packings	1.70	2.35	2.34	0.34

Table 30 Exports to Afghanistan at HS 06 level

Trade with Russia

Relations with Russia are centred around Russia securing supply of natural gas from the Turkmen region. Over the years, the two countries have clashed over price disputes which have been settled by agreements but have invariably impacted Turkmenistan's exports. In July 2008, the then Russian President, Dmitry Medvedev, and the Turkmen President Berdimuhamedow met in Ashgabat, and considered collaboration in projects such as the Caspian Sea gas pipeline, and the Astrakhan rail-ferry service. However, the following year, a section of the Central Asia-Centre gas pipeline that runs from Turkmenistan to Russia exploded and strained relations between the two countries (2009). Turkmenistan blamed Russia's Gazprom for this fiasco, and retaliated by halting the supply of natural gas. From this point onwards, relations have taken a downturn. In 2015, gas payment issues surfaced, while in 2016 Gazprom stopped its purchase of Turkmen gas. According to Turkmengaz (Turkmenistan's natural gas company), Gazprom stopped buying gas due to changes in international gas market, and also economic and financial problems⁴³.

From 2001 to 2009, Russia remained in the top fifteen export markets of Turkmenistan while occasionally climbing to the top ten list. In 2009, mineral fuels and oil exports to Russia declined by 97.60 per cent owing to the gas pipeline incident. In 2010, exports increased to \$0.15 billion making Russia the fourth most important export destination for Turkmenistan. Exports to Russia peaked at \$0.33 billion in 2016, which was primarily due to the trade in ships and boats. The corresponding import value was \$0.57 billion which produced a trade deficit of \$0.24 billion with Russia.

⁴³ <http://www.reuters.com/article/russia-gazprom-turkmenistan/russias-gazprom-ceases-purchases-of-turkmen-gas-ria-cites-turkmengaz-idUSL8N14O1QX20160104>

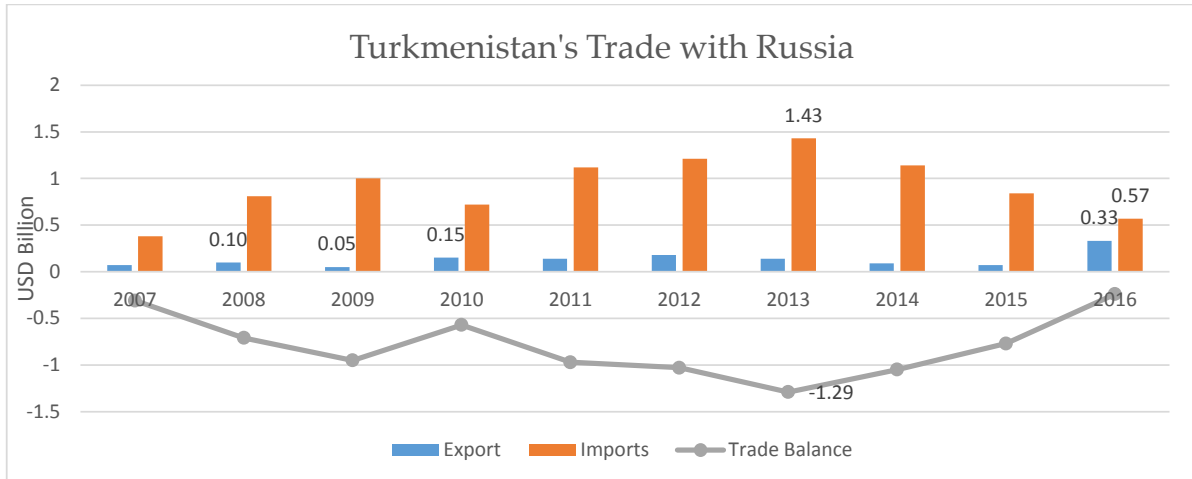


Figure 28 Trade with Russia

Major Imports from Russia

The following table shows Turkmenistan major imports from Russia at HS 02 product level. Articles of iron and steel (\$0.16 billion), iron and steel (\$0.07 billion), and machinery, mechanical appliances (\$0.04 billion) were the top imports in 2016.

Turkmenistan's Top Imports from Russia at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	1.21	1.43	1.14	0.84	0.57
Product Code	Product Description					
73	Articles of iron or steel	0.37	0.16	0.15	0.14	0.16
72	Iron and steel	0.17	0.26	0.21	0.18	0.07
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.10	0.09	0.08	0.04	0.04
44	Wood and articles of wood; wood charcoal	0.06	0.06	0.06	0.05	0.03
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.02	0.03	0.03	0.03	0.03
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.08	0.05	0.04	0.09	0.02
38	Miscellaneous chemical products	0.01	0.01	0.02	0.01	0.02
85	Electrical machinery and equipment and parts thereof;	0.04	0.05	0.03	0.03	0.02
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	0.01	0.01	0.02	0.02	0.01
10	Cereals	0.03	0.02	0.02	0.02	0.01

Table 31 Imports from Russia at HS-02 Level

The following table shows top imports from Russia at HS 06 product level which comprise of bridges and bridge-sections, bars and rods, and coniferous wood sawn. Bars and rods, and coniferous wood fell by \$0.07 billion, and \$0.01 billion respectively in 2016. On the other hand, bridges and bridge sections increased by \$0.09 billion.

Turkmenistan's Top Imports from Russia at HS 06 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	1.21	1.43	1.14	0.84	0.57
Product code	Product Description					
730810	Bridges and bridge-sections, of iron or steel	0.02	0.00	0.01	0.03	0.12
721420	Bars and rods, of iron or non-alloy steel, with indentations, ribs, grooves or other deformations produced during the rolling process	0.05	0.08	0.09	0.11	0.04
440710	Coniferous wood sawn or chipped lengthwise, sliced or peeled,	0.05	0.06	0.06	0.04	0.03
151219	Sunflower-seed or safflower oil and their fractions, whether or not refined,	0.01	0.02	0.02	0.02	0.02
730511	Line pipe of a kind used for oil or gas pipelines,	0.11	0.04	0.00	0.01	0.01
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	0.03	0.02	0.02	0.02	0.01
721499	Bars and rods, of iron or non-alloy steel, only hot-rolled, only hot-drawn or only hot-extruded	0.01	0.02	0.04	0.03	0.01
999999	Commodities not elsewhere specified	0.03	0.02	0.00	0.00	0.01
380893	Herbicides, anti-sprouting products and plant-growth regulators	0.00	0.00	0.00	0.00	0.01
730890	Structures and parts of structures, of iron or steel,	0.02	0.01	0.01	0.04	0.01

Table 32 Imports from Russia at HS-06 Level

Major Exports to Russia

The table below shows Turkmenistan's major exports to Russia at HS 02 level. Major contributors to exports were ships, boats, and floating structures which made up 64.77 percent of the total Russian imports from Turkmenistan in 2016. Other items included plastics and articles thereof, cotton, and other made-up textiles articles.

Turkmenistan's Top Exports to Russia at HS 02 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	183.76	139.42	90.91	71.28	331.18
Product code	Product Description					
89	Ships, boats and floating structures	1.05	0.00	0.00	0.00	214.51
39	Plastics and articles thereof	100.99	78.27	37.54	27.43	50.17
52	Cotton	22.88	25.03	21.51	18.36	35.21
63	Other made-up textile articles; sets; worn clothing	19.49	20.71	18.35	10.51	12.35
27	Mineral fuels, mineral oils and products	17.01	0.78	0.43	8.87	10.01
62	Articles of apparel and clothing accessories,	2.87	3.18	1.95	2.50	1.91
58	Special woven fabrics; tufted textile fabrics; lace; tapestries;	2.05	1.84	0.77	1.39	1.50
84	Machinery, mechanical appliances, nuclear reactors,	6.39	2.71	6.05	0.04	1.45
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	4.23	2.00	1.46	1.11	1.44
08	Edible fruit and nuts; peel of citrus fruit or melons	0.61	0.27	0.18	0.13	0.83

Table 33 Exports to Russia at HS 02 Level

The following table shows exports to Russia at HS 06 level. Floating or submersible drilling or production platforms, polypropylene, and single cotton yarn were the top export items in 2016.

Turkmenistan's Top Exports to Russia at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	183.76	139.42	90.91	71.28	331.18
Product code	Product Description					
890520	Floating or submersible drilling or production platforms	0.00	0.00	0.00	0.00	214.51
390210	Polypropylene, in primary forms	100.99	78.27	37.54	27.43	50.02
520512	Single cotton yarn, of uncombed fibres,	14.88	11.40	6.99	9.53	27.08
630260	Toilet linen and kitchen linen, of terry	18.78	20.35	17.75	10.14	11.84
271311	Petroleum coke, non-calcined	5.32	0.00	0.13	8.87	10.01
520100	Cotton, neither carded nor combed	3.10	7.20	10.23	5.98	3.88
520511	Single cotton yarn, of uncombed	4.15	4.92	3.45	1.65	3.02
580219	Terry towelling and similar woven terry fabrics, of cotton	0.73	0.77	0.73	1.38	1.50
510121	Shorn wool, degreased,	4.23	2.00	1.46	1.11	1.44
620342	Men's or boys' trousers, bib and brace	1.74	1.42	1.90	2.28	1.42

Table 34 Exports to Russia at HS 06 Level

Trade with China

Turkmenistan and China have enjoyed diplomatic relations for the past 25 years. In 2006, China agreed to buy 30 billion cubic meters of natural gas annually from Turkmenistan between 2009 and 2039; three years later, the first line of the Central Asia-China gas pipeline opened. From this point, China became Turkmenistan's largest trading partner. Furthermore, a strategic partnership was formed in September 2013 when President Xi of China met with the Turkmen President Berdimuhamedow and agreed to cooperate in economic, business, trade and investment fronts. During the meeting, various deals were signed to strengthen the trade relationship between China and Turkmenistan.

Chinese energy companies play an influential role in Turkmen energy production. Moreover, the country has also received investments and loans from China. The two countries are now looking beyond energy cooperation, and are exploring opportunities in health care, infrastructure, telecommunication, agriculture, health and technology. Turkmenistan has also shown support for China's Belt and Road initiative.

The following graph shows trade between Turkmenistan and China from 2007-2016. After three years of running a trade deficit, Turkmenistan has been able to consistently maintain a trade surplus with China. In 2011, exports were more than four times the figure in 2010, after which the gap between exports and imports has continued to widen, allowing for a trade surplus for Turkmenistan. In 2016, exports and imports from China fell to \$5.56 billion and \$0.34 billion respectively producing a trade surplus of \$5.22 billion.



Figure 29 Trade with China

Turkmenistan's exports to China are dominated by natural gas (98.6 per cent of total exports to China), hence it is not surprising that the export figures are influenced by international oil prices. When oil prices fell in 2014, total exports as well as exports to China fell even though the quantity exported had increased.

Turkmenistan's Exports to China			
	2014	2015	2016
Turkmenistan's Total Exports (USD Billion)	12.29	10.02	7.42
Turkmenistan's Total Exports to China (USD Billion)	9.52	7.83	5.56
Turkmenistan's Total Natural Gas Exports (USD Billion)	9.65	8.01	5.67
Natural Gas Exports to China			
Value (USD Billion)	9.44	7.68	5.48
Quantity (Billion Tons)	18.74	20.40	21.63

Table 35 Turkmenistan's Exports to China

Major Imports from China

The following table shows Turkmenistan's imports from China at HS 02 level. Imports have followed a declining trend since 2012. In 2016, imports were approximately \$340 million which was a 80 percent fall over the 2012 figures. Between 2012-2016, machinery imports fell by \$400 million, electrical machinery fell by \$110 million, and vehicles by \$70 million.

Turkmenistan's Top Imports from China at HS 02 Level						
*All Values in USD Billion						
		2012	2013	2014	2015	2016
TOTAL	All products	1.70	1.14	0.95	0.82	0.34
Product Code	Product Description					
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.49	0.37	0.32	0.32	0.09
85	Electrical machinery and equipment and parts thereof; sound recorders	0.16	0.14	0.09	0.09	0.05

Turkmenistan's Top Imports from China at HS 02 Level						
<i>*All Values in USD Billion</i>						
		2012	2013	2014	2015	2016
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.11	0.08	0.08	0.05	0.04
73	Articles of iron or steel	0.41	0.24	0.11	0.13	0.03
40	Rubber and articles thereof	0.03	0.03	0.03	0.02	0.02
39	Plastics and articles thereof	0.03	0.02	0.02	0.01	0.01
63	Other made-up textile articles; sets; worn clothing and worn textile	0.01	0.02	0.03	0.02	0.01
94	Furniture; bedding, mattresses, mattress supports, cushions	0.03	0.02	0.02	0.02	0.01
09	Coffee, tea, maté and spices	0.01	0.00	0.01	0.00	0.01

Table 36 Imports from China at HS 02 Level

The following table shows top ten import products from China at HS 06 level. Turkmenistan's top 2016 imports from China at HS-06 level were window or wall air conditioning machines, casing and tubing, seamless, of iron or steel, and special purpose motor vehicles.

Turkmenistan's Top Imports from China at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	1,699.11	1,137.64	954.28	815.47	338.48
Product code	Product Description					
841510	Window or wall air conditioning machines, self-contained or "split-system"	26.51	27.37	23.51	25.75	15.72
730429	Casing and tubing, seamless, of iron or steel, of a kind used in drilling for oil or gas	61.55	88.51	54.13	79.46	15.12
870590	Special purpose motor vehicles	12.93	2.30	4.16	3.11	12.29
401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing cars	17.14	17.62	13.08	9.62	9.25
870880	Suspension systems and parts thereof, incl. shock-absorbers, for tractors,	5.77	10.67	10.23	11.70	9.24
630260	Toilet linen and kitchen linen, of terry towelling or similar terry	3.08	12.00	21.94	19.51	8.90
090220	Green tea in immediate packings of > 3 kg	5.07	4.27	5.48	4.60	8.32
852872	Reception apparatus for television, colour,	7.38	7.10	8.48	6.70	7.84
848180	Appliances for pipes, boiler shells, tanks,	86.05	36.67	13.11	11.56	7.49
841950	Heat-exchange units	37.70	11.25	0.53	4.09	7.01

Table 37 Imports from China at HS-06 Level

Major Exports to China

The table below shows exports to China which fell in 2016 by \$2.26 billion. This was mainly due to mineral fuels which fell to \$5.48 billion (down by \$2.24 billion).

Other top exports in 2016 were salt; sulphur (\$35.26 million), vegetable plaiting materials (\$19.75 million), and cotton (\$10.50 million).

Turkmenistan's Top Exports to China at HS 02 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	8,673.38	8,893.26	9,516.16	7,827.66	5,563.30
Product code	Product Description					
27	Mineral fuels, mineral oils and products of their distillation;	8,595.32	8,801.35	9,441.30	7,716.42	5,480.97
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	7.53	31.70	26.22	70.52	35.26
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	11.75	3.85	11.06	10.78	19.75
52	Cotton	37.59	33.68	20.28	4.61	10.50
13	Lac; gums, resins and other vegetable saps	7.30	10.09	6.07	6.69	7.95
28	Inorganic chemicals; organic or inorganic	11.62	9.08	9.00	13.75	6.16
12	Oil seeds and oleaginous fruits;	0.66	0.00	0.00	2.33	1.72
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	1.00	1.09	1.11	0.76	0.77
41	Raw hides and skins	0.01	0.21	0.51	0.55	0.06
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.13	0.43	0.30	0.32	0.06

Table 38 Exports to China at HS 02 Level

Following table shows Turkmenistan's exports to China at HS 06 level. In 2016, the top exports were natural gas, sulphur of all kinds, and cotton linters. Two out of the three top export products of Turkmenistan to China fell in 2016. Natural gas fell by \$2.20 billion, and Sulphur of all kinds by \$35.26 million. However, the export of cotton linters increased by \$8.97 million in 2016 over 2015.

Turkmenistan's Top Exports to China at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	8,673.38	8,893.26	9,516.16	7,827.66	5,563.30
Product Code	Product Description					
271121	Natural gas in gaseous state	8,512.12	8,791.73	9,441.06	7,681.10	5,480.84
250300	Sulphur of all kinds	7.53	31.70	26.22	70.52	35.26
140420	Cotton linters	11.75	3.85	11.06	10.78	19.75
130212	Extracts of liquorice	7.30	10.09	6.07	6.69	7.95
520100	Cotton, neither carded nor combed	1.89	4.00	4.60	3.46	7.54
280120	Iodine	11.53	8.97	8.90	13.57	6.06
520512	Single cotton yarn, of uncombed fibres, containing	30.04	18.81	8.47	0.33	2.26

Turkmenistan's Top Exports to China at HS 06 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery	0.66	0.00	0.00	2.33	1.72
510220	Coarse animal hair, neither carded nor combed	0.93	1.05	1.11	0.76	0.74
520291	Garnetted stock of cotton	0.00	0.00	0.00	0.00	0.38

Table 39 Exports to China at HS 06 Level

Trade with India

Turkmenistan and India have maintained relationships since the former's independence in 1991. Relations developed further when the late President Niyazov visited India in April 1992. His visit was followed by the visit of the Indian Prime Minister, Shri. P.V. Narasimha Rao, to Turkmenistan in September, 1995.

Over the years, the two countries have signed bilateral treaties such as the Bilateral Investment Promotion and Protection Agreement (1995), and Agreement on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (1997). In 1995, a Trilateral Transit Agreement was signed along with Iran to enhance trade in Central Asia. Moreover, in July 2015, the Indian Prime Minister, Narendra Modi, met with the Turkmen President Berdimuhamedow in Ashgabat to discuss the regional issue of terrorism; after the talks, seven pacts intended to enhance bilateral cooperation between the two countries were signed. The agreements look to enhance cooperation in defence, tourism medicine, etc.

One of the most important initiatives is the Turkmenistan-Afghanistan-Pakistan-India pipeline (TAPI) that will facilitate transfer of Turkmen gas to India. Moreover, India has also shown interest in joining the Ashgabat agreement, which envisions creation of a transit corridor that will facilitate transport of goods between Central Asia and the Persian Gulf.

The graph below shows Turkmenistan's trade relations with India over a period of ten years from 2007 to 2016. During these years, Turkmenistan has had a trade deficit with India due to increasing imports and almost stagnant exports. In 2014, exports increased to \$15 million, while imports rose to \$101 million which produced a deficit of \$86 million. In 2016, Turkmenistan had a deficit of \$36 million with India.

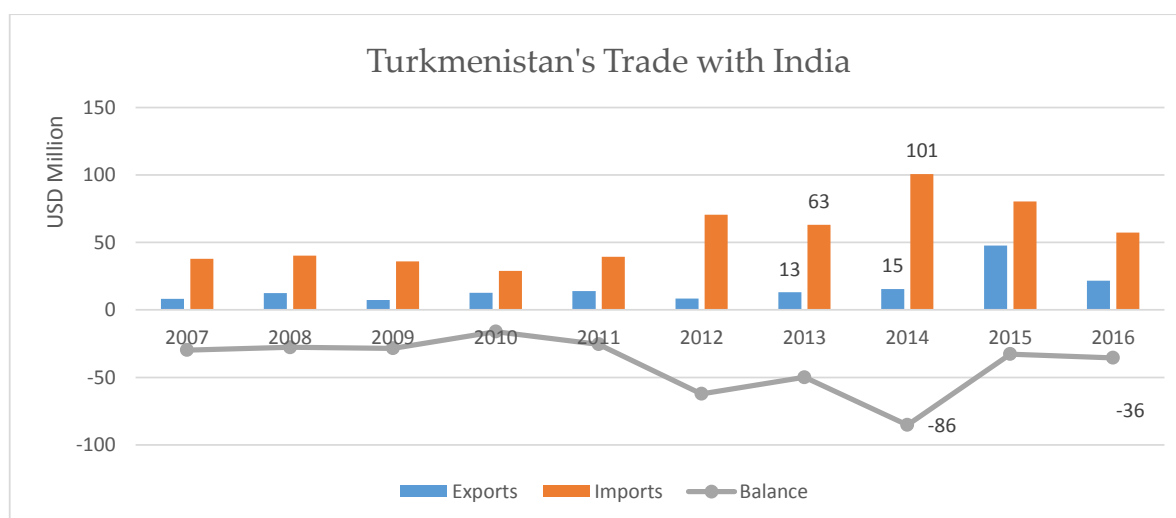


Figure 30 Trade with India

Major Imports from India

The following table shows Turkmenistan's imports from India which fell in 2016 to \$57.25 million. Top import products at HS 02 level in 2016 were pharmaceutical products, machinery, meat and edible offal. The drop-in import value was mainly due to a fall in meat and edible meat offal imports that fell by \$31.56 million in 2016 as compared to 2015.

Turkmenistan's Top Imports from India at HS 02 level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	70.60	63.00	100.74	80.46	57.25
Product code	Product Description					
30	Pharmaceutical products	14.19	20.81	20.53	17.27	19.28
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	39.22	18.95	19.79	9.23	14.10
02	Meat and edible meat offal	1.40	9.86	48.48	45.02	13.46
55	Man-made staple fibres	0.00	0.00	0.00	0.00	2.28
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	4.17	3.37	1.82	1.62	2.20
40	Rubber and articles thereof	1.14	2.46	1.91	0.98	1.58
09	Coffee, tea, maté and spices	0.09	0.12	0.15	0.21	0.81
83	Miscellaneous articles of base metal	0.09	0.02	0.00	0.01	0.47
29	Organic chemicals	0.76	1.46	0.22	0.51	0.40
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	0.73	0.67	0.93	0.51	0.32

Table 40 Imports from India at HS 02 Level

The table below shows Turkmenistan's top imports from India at HS 06 level. The value of imports in 2016 amounted to \$57.25 million. Items in the list include medicaments, frozen, boneless meat of bovine animals, machines and mechanical appliances.

Turkmenistan's Top Imports from India at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	70.60	63.00	100.74	80.46	57.25
Product code	Product Description					
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes,	10.23	13.47	15.02	13.06	14.58
020230	Frozen, boneless meat of bovine animals	1.34	9.83	48.48	44.96	13.46
847989	Machines and mechanical appliances, n.e.s.	0.01	0.00	0.14	0.01	4.21
848180	Appliances for pipes, boiler shells, tanks, vats or the like	14.40	1.80	0.71	0.69	3.48
551011	Single yarn	0.00	0.00	0.00	0.00	2.27
841990	Parts of machinery, plant and laboratory equipment,	0.67	0.13	0.00	0.00	2.00
300220	Vaccines for human medicine	0.36	1.94	0.42	0.65	1.90
300420	Medicaments containing antibiotics, put up in measured doses	2.07	2.72	2.04	1.73	1.72
841370	Centrifugal pumps, power-driven	6.55	0.10	0.07	0.00	1.20
401161	Pneumatic tyres, new, of rubber,	0.00	0.00	0.02	0.07	0.95

Table 41 Imports from India at HS-06 Level

Major Exports to India

The following table shows exports to India at HS 02 level. Exports dropped by more than half in 2016 over the previous year in spite of an increase in the exports of cotton by approximately \$15 million. Other top exports in 2016 were inorganic chemicals, salt; sulphur, and wool, fine or coarse animal hair.

Turkmenistan's Top Exports to India at HS 02 level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All products	8.36	13.12	15.48	47.79	21.70
Product Code	Product Description					
52	Cotton	2.06	1.94	3.76	2.89	17.88
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals	5.42	9.80	11.16	2.51	3.07
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.00	0.00	0.04	2.29	0.40
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.85	0.98	0.08	0.17	0.15
50	Silk	0.00	0.40	0.06	0.00	0.10
31	Fertilisers	0.00	0.00	0.00	0.00	0.04
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments	0.02	0.00	0.00	0.00	0.02
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	0.00	0.00	0.00	0.00	0.02
41	Raw hides and skins (other than furskins) and leather	0.00	0.00	0.02	0.00	0.02

Table 42 Exports to India at HS-02 Level

The following table shows Turkmenistan's exports to India at HS 06 level and which amounted to \$21.70 million in 2016. Top exports in 2016 were cotton, neither carded nor combed, iodine, and sulphur of all kinds.

Turkmenistan's Top Exports to India at HS 06 level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	8.36	13.12	15.48	47.79	21.70
Product code	Product Description					
520100	Cotton, neither carded nor combed	2.06	1.94	3.76	2.89	17.88
280120	Iodine	5.41	9.80	11.16	2.51	3.07
250300	Sulphur of all kinds	0.00	0.00	0.04	2.29	0.40
510129	Degreased wool, non-carbonised, neither carded nor combed	0.17	0.22	0.06	0.06	0.14
500200	Raw silk (non-thrown)	0.00	0.40	0.06	0.00	0.10
310210	Urea, whether or not in aqueous solution	0.00	0.00	0.00	0.00	0.04
320417	Synthetic organic pigments; preparations based on synthetic	0.00	0.00	0.00	0.00	0.02
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery,	0.00	0.00	0.00	0.00	0.02
410229	Raw skins of sheep or lambs, without wool on, fresh or salted, ,	0.00	0.00	0.00	0.00	0.02
510119	Greasy wool, incl. fleece-washed wool, neither carded nor combed	0.68	0.75	0.03	0.11	0.01

Table 43 Exports to India at HS 06 Level

Trade with Pakistan

Over the years, Turkmenistan and Pakistan have enjoyed cordial relations especially since Pakistan was one of the first countries to recognize Turkmenistan's independence in 1991.

Leaders of the respective states have been meeting to improve relations in trade, commerce, and politics. In March 2016, the Turkmen President Berdimuhamedow arrived in Pakistan for meetings with the Prime Minister and the President to discuss plans relating to economic collaboration, the opening of communication channels that will facilitate trade, and to discuss an increase in tourism. Additionally, The Pakistan-Turkmenistan Business Forum was also held during that visit in Islamabad to enhance bilateral trade between the two countries.

Pakistan is a member of the China-Pakistan Economic Corridor (CPEC) which will facilitate trade linkages with the Central Asian economies such as Turkmenistan. Both the countries are also members of the Economic Cooperation Organization (ECO). Moreover, Turkmenistan will have access to Pakistan's warm water Gwadar port. The two countries are involved in the TAPI pipeline project which will ensure supply of Turkmen gas to Pakistan. Pakistan also joined the Ashgabat Agreement in 2016.

Trade between the two countries, however, remains low because of the land route which passes through Afghanistan. Additionally, Pakistan's exports to Turkmenistan are affected by other factors such as difficulties in obtaining visa, strict regulations to goods entering Turkmenistan, high custom duties, and language barrier.

The graph below shows Turkmenistan's trade with Pakistan which is entirely in favour of the former. Over the period 2007-2016, Turkmenistan enjoyed a trade surplus with Pakistan because of low imports. Export patterns are characterized by fluctuations; in 2008 export value was more than twice that of 2007, and sharply fell to \$2.25 million the following year. Nevertheless, these figures were always more than the import values. In 2016, imports fell to \$4 million, and exports increased to \$24.96 million resulting in a positive trade balance of \$20.96 million with Pakistan.

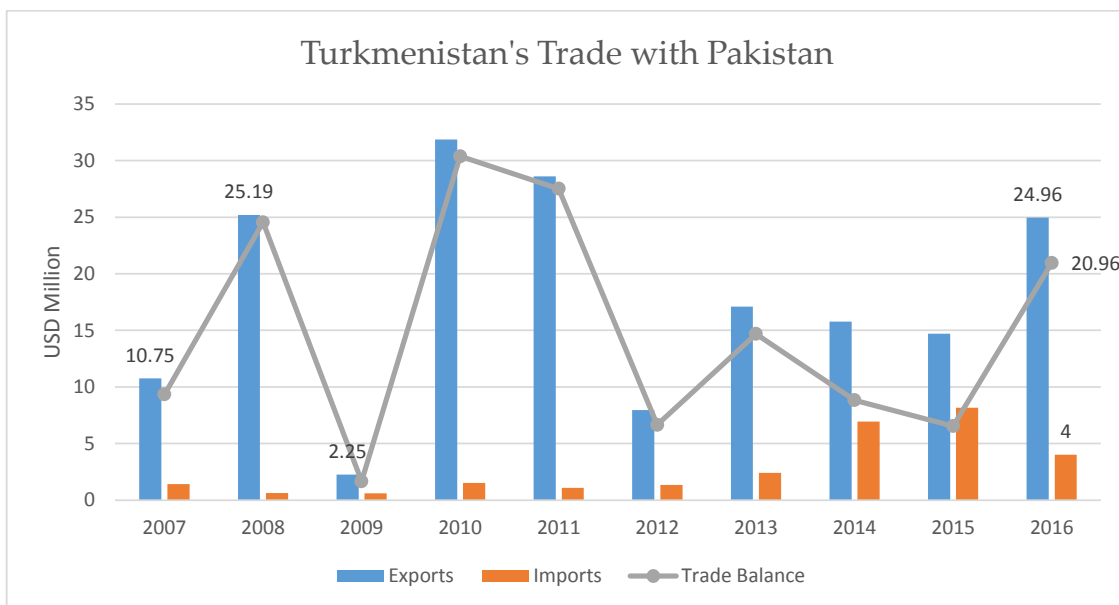


Figure 31 Trade with Pakistan

Major Imports from Pakistan

Imports from Pakistan totaled \$4.00 million in 2016. Table below shows top imports from Pakistan at HS 02 level. Animal or vegetable fats and oils, explosives; pyrotechnic products; matches; pyrophoric alloys, and other vegetable textile fibres were the top 2016 imports from Pakistan. In 2016, Turkmenistan imported \$1.97 million worth of animal or vegetable fats and oils, which made up approximately 49.30 percent of the total imports from Pakistan.

Turkmenistan's Top Imports from Pakistan at HS 02 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
TOTAL	All Products	1.33	2.42	6.95	8.17	4.00
Product code	Product Description					
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.00	0.00	0.03	0.00	1.97
36	Explosives; pyrotechnic products; matches; pyrophoric alloys;	0.75	1.28	0.97	0.46	0.68
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.00	0.48	0.17	1.02	0.55
10	Cereals	0.01	0.02	4.71	5.65	0.29
12	Oil seeds and oleaginous fruits; miscellaneous grains,	0.00	0.00	0.61	0.44	0.25
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.00	0.00	0.28	0.59	0.15
30	Pharmaceutical products	0.52	0.61	0.06	0.01	0.05
39	Plastics and articles thereof	0.00	0.00	0.05	0.01	0.03
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.00	0.00	0.03	0.00	0.02
20	Preparations of vegetables, fruit, nuts or other parts of plants	0.00	0.00	0.00	0.00	0.02

Table 44 Imports from Pakistan at HS 02 Level

The table shows imports from Pakistan at HS 06 level. Vegetable fats and oils and their fractions, matches, and woven fabrics were the top three imports from Pakistan in 2016.

Turkmenistan's Top Imports from Pakistan at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
Total	All Products	1.33	2.42	6.95	8.17	4.00
Product code	Product Description					
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated	0.00	0.00	0.03	0.00	1.97
360500	Matches	0.75	1.28	0.97	0.46	0.68
531090	Woven fabrics of jute or of other textile bast fibres of heading 5303, bleached, dyed, made of yarn of different colours, or printed	0.00	0.48	0.16	0.95	0.47
120740	Sesamum seeds, whether or not broken	0.00	0.00	0.61	0.44	0.25
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	0.01	0.02	4.71	3.94	0.24
630510	Sacks and bags, for the packing of goods, of jute or other textile bast fibres of heading 5303	0.00	0.00	0.22	0.54	0.13

Turkmenistan's Top Imports from Pakistan at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
531010	Woven fabrics of jute or of other textile bast fibres of heading 5303, unbleached	0.00	0.00	0.01	0.07	0.08
100640	Broken rice	0.00	0.00	0.00	1.70	0.05
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes,	0.25	0.23	0.06	0.01	0.03

Table 45 Imports from Pakistan at HS 06 Level

Major Exports to Pakistan

The table below shows Turkmenistan's top exports to Pakistan at HS-02 level. In 2016, top exports of Turkmenistan to Pakistan at HS 02 level were cotton, salt; sulphur; earths and stone, and plastics and articles thereof. In 2016, cotton rose by \$11.34 million, and salt; sulphur by \$0.65 million; Plastics and articles thereof, however, fell by \$0.16 million.

Turkmenistan's Top Exports to Pakistan at HS 02 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
Total	All Products	7.97	17.11	15.78	14.71	24.96
Product Code	Product Description					
52	Cotton	7.95	14.12	13.58	11.68	23.02
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.00	0.02	0.00	0.89	1.54
39	Plastics and articles thereof	0.00	0.00	0.00	0.33	0.17
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.00	0.00	0.00	0.00	0.14
41	Raw hides and skins (other than furskins) and leather	0.00	2.81	2.18	1.68	0.05
32	Tanning or dyeing extracts; tannins and their derivatives;	0.00	0.00	0.00	0.00	0.02
17	Sugars and sugar confectionery	0.00	0.00	0.00	0.06	0.02

Table 46 Exports to Pakistan at HS 02 Level

At HS 06 level, Turkmenistan's top exports to Pakistan consist of cotton, neither carded nor combed, sulphur of all kinds, and polypropylene, in primary forms.

Turkmenistan's Top Exports to Pakistan at HS 06 Level						
<i>*All Values in USD Million</i>						
		2012	2013	2014	2015	2016
Total	All Products	7.97	17.11	15.78	14.71	24.96
Product code	Product Description					
520100	Cotton, neither carded nor combed	6.26	11.09	12.22	9.57	23.02
250300	Sulphur of all kinds	0.00	0.02	0.00	0.89	1.54
390210	Polypropylene, in primary forms	0.00	0.00	0.00	0.33	0.17
843780	Machinery used in the milling industry or for the working of cereals or dried leguminous vegetables	0.00	0.00	0.00	0.00	0.13
410210	Raw skins of sheep or lambs, with wool on, fresh or salted, dried, limed, pickled or otherwise preserved	0.00	2.81	2.18	1.68	0.05

Turkmenistan's Top Exports to Pakistan at HS 06 Level						
*All Values in USD Million						
		2012	2013	2014	2015	2016
320290	Inorganic tanning substances; tanning preparations, whether or not	0.00	0.00	0.00	0.00	0.02
170490	Sugar confectionery not containing cocoa, incl. white chocolate	0.00	0.00	0.00	0.06	0.02
847490	Parts of machinery for working mineral substances of heading	0.00	0.00	0.00	0.00	0.01

Table 47 Exports to Pakistan at HS 06 Level

Turkmenistan's Trade Potential with Pakistan:

Trade Potential:

Trade potential is an economic concept that allows us to measure the extent to which bilateral trade can be increased. It seeks to measure the additional trade that can exist between the two countries if trade is perfectly frictionless between them.

Import Potential

Import potential for a product is calculated by subtracting Turkmenistan's actual imports for a product from Pakistan from the minimum of Pakistan's exports to the world or Turkmenistan's imports from the world for that product

$$\text{Import Potential} = \text{Min} (\text{Turkmenistan's imports from the world of } X, \text{Pakistan's exports to the world of } X) - \text{Turkmenistan's current imports from Pakistan of } X$$

In 2016, Turkmenistan's import potential for top ten products from Pakistan amounted to 186.68 million with medicaments, and structures and parts of structures, wheat or meslin flour as the top products.

Turkmenistan's Potential Imports from Pakistan at HS 06 Level					
*All Values in USD Million					
Product code	Product Description	Turkmenistan's imports from Pakistan, 2016	Turkmenistan's imports from world, 2016	Pakistan's exports to world, 2016	Indicative potential trade, 2016
300490	Medicaments consisting of mixed or unmixed products for therapeutic	0.03	77.11	73.32	73.29
730890	Structures and parts of structures, of iron or steel, n.e.s.	0.00	165.73	24.48	24.48
110100	Wheat or meslin flour	0.00	14.61	172.84	14.61
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	0.24	14.63	1418.93	14.39
870190	Tractors	0.00	11.69	15.64	11.69
020230	Frozen, boneless meat of bovine animals	0.00	20.04	11.00	11.00
210690	Food preparations, n.e.s.	0.00	9.60	19.21	9.60

Turkmenistan's Potential Imports from Pakistan at HS 06 Level					
*All Values in USD Million					
Product code	Product Description	Turkmenistan's imports from Pakistan, 2016	Turkmenistan's imports from world, 2016	Pakistan's exports to world, 2016	Indicative potential trade, 2016
901890	Instruments and appliances used in medical, surgical or veterinary	0.00	9.46	326.03	9.46
190110	Food preparations for infant use	0.00	10.01	9.12	9.12
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons	0.00	9.21	9.04	9.04

Table 48 Turkmenistan's Potential Imports from Pakistan at HS 06 Level ⁴⁴

Export potential

Export potential for a product is calculated by subtracting Turkmenistan's actual exports for a product to Pakistan from the minimum of Pakistan's imports from the world and Turkmenistan's exports to the world for that product.

$$\text{Export Potential} = \text{Min (Turkmenistan's exports to the world of } X, \text{ Pakistan's imports from the world of } X) - \text{Turkmenistan's current exports to Pakistan of } X$$

The following table shows Turkmenistan's exports to Pakistan. Cotton, neither carded nor combed, polypropylene, in primary forms, and urea are the goods that have significant trade potential. In 2016, Turkmenistan's export potential to Pakistan for top ten products amounted to \$322.32 million.

Turkmenistan's Potential Exports to Pakistan at HS 06 Level					
*All Values in USD Million					
Product code	Product Description	Turkmenistan's exports to Pakistan, 2016	Turkmenistan's exports to world, 2016	Pakistan's imports from world, 2016	Indicative potential trade, 2016
520100	Cotton, neither carded nor combed	23.02	227.88	580.54	204.86
390210	Polypropylene, in primary forms	0.17	68.92	384.89	68.75
310210	Urea, whether or not in aqueous solution	0.00	30.47	15.23	15.23
250300	Sulphur of all kinds	1.54	40.04	9.52	7.98
520512	Single cotton yarn, of uncombed fibres,	0.00	171.91	5.49	5.49
843143	Parts for boring or sinking machinery	0.00	4.64	31.97	4.64
730519	Line pipe of a kind used for oil or gas pipelines,	0.00	4.32	52.98	4.32
520513	Single cotton yarn, of uncombed fibres,	0.00	3.93	14.22	3.93
520942	Denim	0.00	17.00	3.56	3.56
410150	Whole raw hides and skins of bovine	0.00	6.85	3.56	3.56

Table 49 Turkmenistan's Potential Exports to Pakistan at HS 06 Level ⁴⁵

⁴⁴ Excludes products from Product Code: 27

⁴⁵ Excludes products from Product Code: 27

Turkmenistan's Trade Alliances

Commonwealth of Independent States (CIS)

The Commonwealth of Independent States (CIS) was created following the break-up of the Soviet Union, and consists of the former Soviet Republics. The aim of the CIS is to eventually have an economic and military alliance. Turkmenistan is an associate state as opposed to a member state since it has not ratified the CIS Charter. This has been done in order to safeguard its neutrality status.

The figure below shows Turkmenistan's trade with the Commonwealth of Independent States (CIS) over the last ten years. Exports experienced a sharp decline from \$6.18 billion in 2008 to \$0.94 billion in 2009. Turkmenistan has had a continuous trade deficit with members of the CIS since then. In 2016, the trade deficit stood at \$0.12 billion with the Commonwealth of Independent States (CIS).

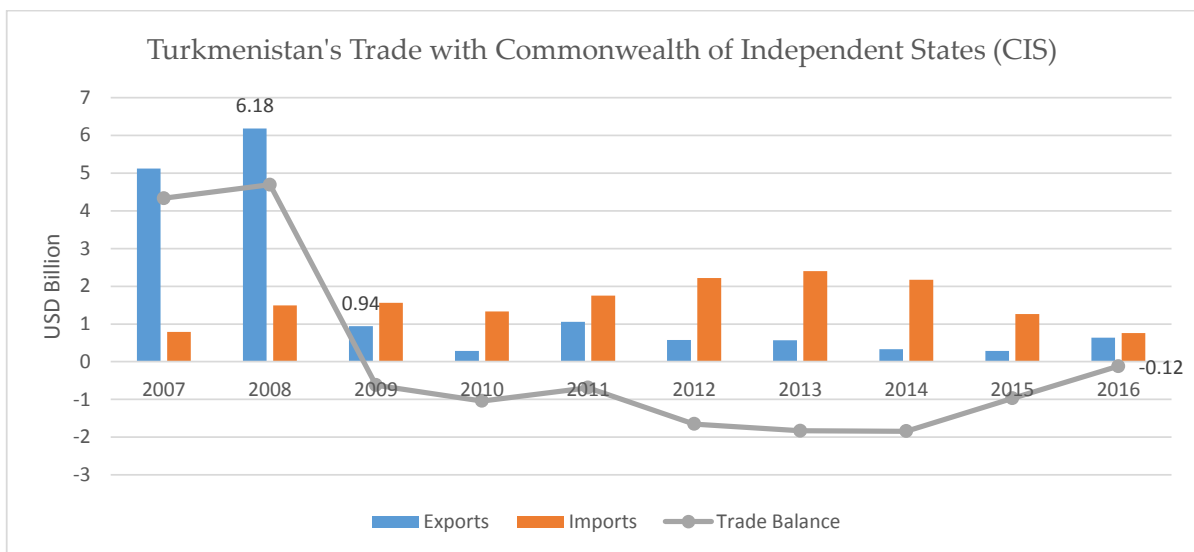


Figure 32 Trade with Commonwealth of Independent States (CIS)

Major Import Sources-Commonwealth of Independent States (CIS)

The table below shows Turkmenistan's top import partners within the CIS. Russia, Belarus, and Kazakhstan are the top supplying markets for goods imported by Turkmenistan. In 2016, imports from the CIS countries made up 16.40 percent of the total imports.

Turkmenistan's Commonwealth of Independent States (CIS) Import Partners					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Commonwealth of Independent States (CIS) Total	2,220.94	2,396.52	2,171.41	1,264.98	764.00
Russia	1,210.65	1,429.90	1,137.66	843.93	570.58
Belarus	230.18	315.75	174.02	81.94	101.98
Kazakhstan	165.60	177.50	353.80	114.54	69.10
Georgia	7.96	14.13	14.33	16.05	10.35
Kyrgyzstan	5.19	5.05	7.85	6.31	5.70
Armenia	13.46	18.27	13.16	17.01	5.24

Turkmenistan's Commonwealth of Independent States (CIS) Import Partners					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Moldova, Republic of	0.83	0.98	1.24	1.78	1.06
Ukraine	528.17	395.09	431.34	170.33	N/A
Azerbaijan	58.92	39.85	38.00	13.10	N/A

Table 50 Import partners from the Commonwealth of Independent States (CIS)

Major Export Destinations-Commonwealth of Independent States (CIS)

Russia, Kazakhstan, and Georgia are the top CIS markets for Turkmenistan's exports. In 2016, exports to the CIS increased by \$347.60 million compared to the previous year and were approximately \$640 million.

Turkmenistan's Commonwealth of Independent States (CIS) Export Partners					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Commonwealth of Independent States (CIS) Total	575.82	566.50	329.05	291.80	639.38
Russia	183.76	139.42	90.91	71.28	331.18
Kazakhstan	178.98	219.41	121.25	63.71	214.40
Georgia	30.66	47.90	69.34	111.81	75.48
Belarus	6.24	3.38	5.08	2.00	7.71
Armenia	14.17	2.67	1.19	0.50	6.23
Kyrgyzstan	1.82	1.68	3.49	3.89	4.36
Moldova, Republic of	4.05	3.22	0.01	2.68	0.02
Ukraine	123.43	100.53	24.58	16.32	N/A
Azerbaijan	32.71	48.30	13.20	19.62	N/A

Table 51 Export Partners from the Commonwealth of Independent States (CIS)

Economic Cooperation Organization (ECO)

Economic Cooperation Organization (ECO) was founded in 1985 by the leaders of Iran, Turkey, and Pakistan, and is focused towards trade and investment prospects. Currently its members include Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan. Turkmenistan joined the organization in 1992, and is listed as a full member. The organization has held many summits in the past from which Turkmenistan hosted the 4th Economic Cooperation Organization Summit held between 14-15 May, 1996. In March 2017, the ECO summit was held in Islamabad, Pakistan.

The graph below shows Turkmenistan's trade with the members of the Economic Cooperation Organization (ECO). The country has had a trade deficit with the ECO since 2008 which was mainly due to fluctuating exports, and an increasing trend in imports. Imports peaked in 2014 at \$2.64 billion which contributed to the highest trade deficit of \$1.40 billion during the ten-year review period. In 2016, imports fell to \$1.32 billion and exports declined to \$0.67 billion, producing a trade deficit of \$0.66 billion with the Economic Cooperation Organization (ECO).

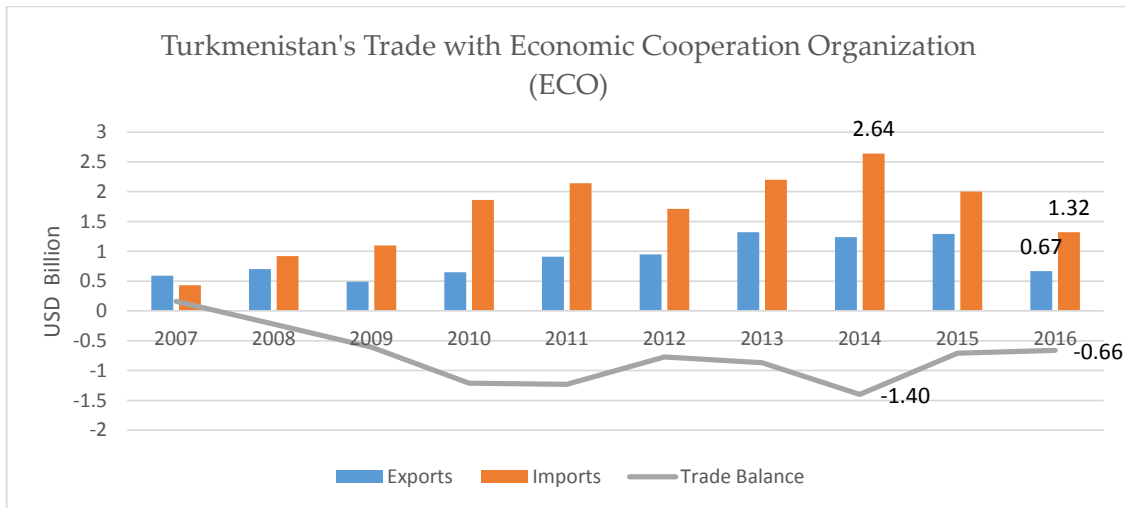


Figure 33 Trade with Economic Cooperation Organization (ECO)⁴⁶

Major Import Sources-Economic Cooperation Organization (ECO)

The following table shows Turkmenistan's main import partners within the ECO. Turkey, Kazakhstan and Kyrgyzstan are the top three supply markets of Turkmenistan. Imports from the ECO have declined since 2014, and amounted to \$1.32 billion in 2016.

Turkmenistan's Economic Cooperation Organization (ECO) Import Partners					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Economic Cooperation Organization (ECO) Total	1,713.84	2,196.49	2,643.46	2,001.00	1,324.31
Turkey	1,480.05	1,957.48	2,231.25	1,857.96	1,245.51
Kazakhstan	165.60	177.50	353.80	114.54	69.10
Kyrgyzstan	5.19	5.05	7.85	6.31	5.70
Pakistan	1.33	2.42	6.95	8.17	4.00
Afghanistan	2.76	14.18	5.61	0.92	N/A
Azerbaijan	58.92	39.85	38.00	13.10	N/A

Table 52 Import Partners from the Economic Cooperation of Organization (ECO)

46 Excludes trade with Uzbekistan, Tajikistan, and Iran (2007-2009) due to non-availability of data on ITC Trade Map

Major Export Destinations-Economic Cooperation Organization (ECO)

The following table shows Turkmenistan's exports to ECO countries. Top three markets include Turkey, Kazakhstan and Pakistan. Exports to the ECO reduced by almost half in 2016.

Turkmenistan's Economic Cooperation Organization (ECO) Export Partners					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Economic Cooperation Organization (ECO) Total	948.1	1,323.44	1,241.81	1,291.69	666.2
Turkey	303.51	653.82	623.33	557.36	422.49
Kazakhstan	178.98	219.41	121.25	63.71	214.4
Pakistan	7.97	17.11	15.78	14.71	24.96
Kyrgyzstan	1.82	1.68	3.49	3.89	4.36
Afghanistan	423.1	383.12	464.77	632.41	N/A
Azerbaijan	32.71	48.3	13.2	19.62	N/A

Table 53 Export Partners from the Economic Cooperation of Organization (ECO)

Organization of Islamic Cooperation (OIC)

The Organization of Islamic Cooperation (OIC), set up in 1969, comprises of 57 countries. The organization was founded with the goal of becoming one voice of the Muslim world, and providing them with prominent representation. It stands for the interests of the Muslim world, and international peace and harmony.

The following graph shows Turkmenistan's trade with members of the Organization of Islamic Cooperation (OIC). The country has faced a trade deficit with OIC from 2008 onwards due to increasing imports. There was an increase in Turkmen exports to the bloc in 2011, and this upward trend continued till 2013. Exports have fallen since 2014 and were \$0.67 billion in 2016; the corresponding import figure was \$1.36 billion which led to a deficit of \$0.69 billion with the Organization of Islamic Cooperation (OIC).

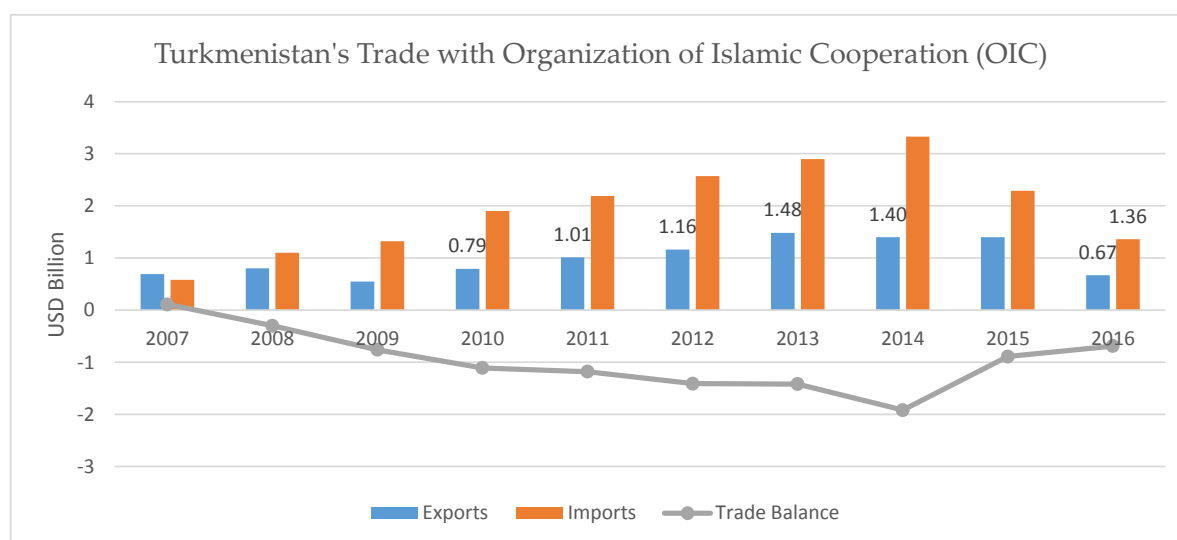


Figure 34 Trade with Organization of Islamic Cooperation (OIC)

Major Import Sources-Organization of Islamic Cooperation (OIC)

The following table shows Turkmenistan's main import partners within the OIC. Turkey, Kazakhstan and Malaysia are the top three supply markets for Turkmenistan. Imports from the OIC countries have followed a decreasing trend since 2014, and amounted to \$1.36 billion in 2016.

Turkmenistan's Top 10 Import Partners from Organization of Islamic Cooperation (OIC)					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Organization of Islamic Cooperation (OIC) Total	2,569.01	2,902.59	3,325.77	2,288.66	1,361.46
Turkey	1,480.05	1,957.48	2,231.25	1,857.96	1,245.51
Kazakhstan	165.60	177.50	353.80	114.54	69.10
Malaysia	11.63	33.63	22.87	12.28	20.73
Indonesia	4.28	2.19	3.41	5.72	7.47
Kyrgyzstan	5.19	5.05	7.85	6.31	5.70
Pakistan	1.33	2.42	6.95	8.17	4.00
Bahrain	0.00	0.00	0.00	0.00	3.73
Egypt	0.12	0.41	0.47	0.36	2.07
Saudi Arabia	2.21	4.18	6.28	14.81	1.74
Albania	0.00	0.09	0.23	0.04	0.66

Table 54 Top 10 Import Partners from the Organization of Islamic Cooperation (OIC)

Major Export Destinations-Organization of Islamic Cooperation (OIC)

The following table shows the importing markets from the OIC for Turkmenistan's exports. Top three markets include Turkey, Kazakhstan and Pakistan. Export trade with OIC in 2016 was less than half of that in 2015, and amounted to \$672.14 million

Turkmenistan's Top 10 Export Partners from Organization of Islamic Cooperation (OIC)					
<i>*All Values in USD Million</i>					
	2012	2013	2014	2015	2016
Organization of Islamic Cooperation (OIC) Total	1,155.30	1,477.67	1,401.28	1,395.77	672.14
Turkey	303.51	653.82	623.33	557.36	422.49
Kazakhstan	178.98	219.41	121.25	63.71	214.4
Pakistan	7.97	17.11	15.78	14.71	24.96
Kyrgyzstan	1.82	1.68	3.49	3.89	4.36
Indonesia	1.28	2.92	0.29	8.37	2.23
Egypt	2.87	6.90	5.35	2.11	1.60
Malaysia	0.06	0.07	0.11	0.16	0.92
Albania	74.09	0.00	11.37	0.00	0.69
Kuwait	0.34	0.76	0.40	0.35	0.20
Morocco	0.23	0.53	0.25	3.52	0.11

Table 55 Top 10 Export Partners from the Organization of Islamic Cooperation (OIC)



Ashgabat, Turkmenistan

SECTION IV

Business In Turkmenistan

Ease of **Doing Business**

Due to non-availability of reported data on Turkmenistan, we cannot comment on this section

Foreign Direct Investment

A number of factors have been reported as impediments to the flow of FDI in Turkmenistan; these include an autocratic way of running the country, few and inconsistent economic and policy reforms, and corruption. The most prominent sectors for investment in the country are oil, gas, agriculture, and construction. The Chairman of Turkmenistan Central Bank in 2012 confirmed that foreign sources accounted for 21 percent of investment in Turkmenistan. Additionally, in 2012 main areas of investment were energy (57%), chemical (27%), and transportation (14%).

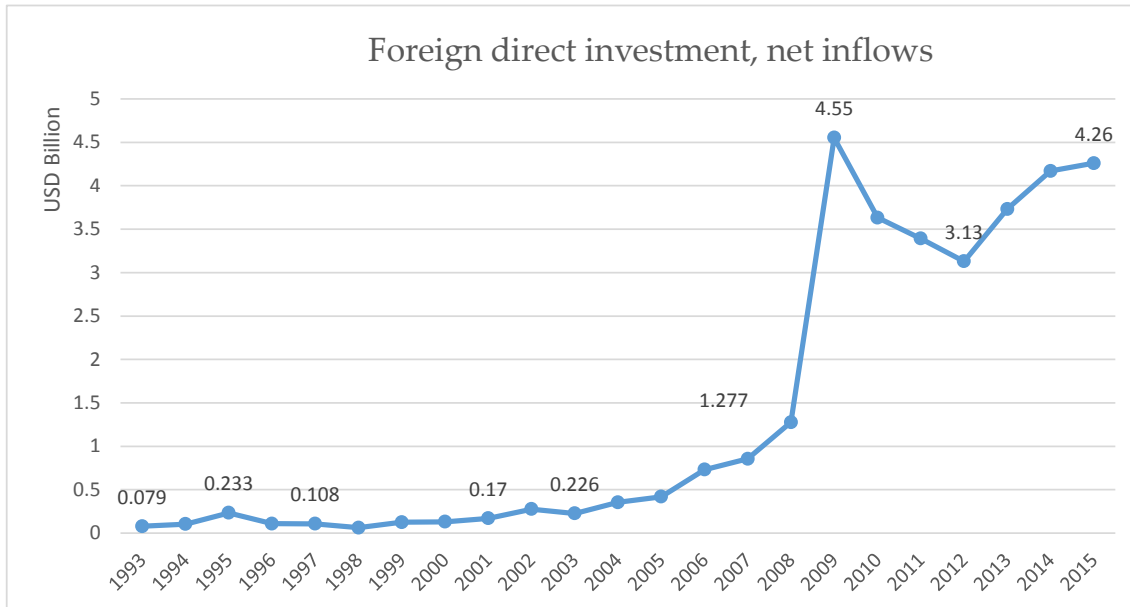


Figure 35 Turkmenistan's Foreign Direct Investment (1993-2015)

After independence, the government promoted FDI through joint ventures with foreign participation, tax incentives, and foreign loans. The most important action was the creation of Free Economic Zones which provide incentives such as concessions on custom duties, preferential tax status, setting product prices, etc. However, in spite of the measures taken by the government, increase in foreign investment remained slow, and even declined in 1997 to \$108 million from \$233 million in 1995. This was mainly due to the perception that investor rights are not adequately protected in Turkmenistan.

After a gradual increase in FDI from 2000 onwards, the figure soared to \$4.55 billion in 2009 which was due to the opening of the Central Asia-China gas pipeline. In the same year, Turkmenistan received a loan worth \$4 billion from the Chinese Development Bank (CDB) for the development of the Galkynysh gas field. The following year, Turkmenistan received a \$1 billion loan from the Islamic Development Bank (IDB); it received \$125 million from the Asian Development Bank (ADB) in 2011. Furthermore, the government set up the Agency for Protection from Economic Risks to analyze foreign investment in Turkmenistan (2013). Foreign Direct Investment (FDI) in 2015 stood at \$4.26 billion.

The main investing countries are China, Russia, Kazakhstan and Uzbekistan. However, investment is low compared to other Central Asian countries such as Kazakhstan. Moreover, Chinese companies are the major investors in the extractive industries.

The following table shows the list of Production Sharing Agreements (PSAs) in the gas and oil sector.

Production Sharing Agreements (PSAs)	Operated By:
On-shore	
Nebitdag Contractual Territory	Burren Energy UK/ENI
Khazar project	Turkmennebit state oil concern and Mitro International of Austria (Joint Operation)
Bagtyarlyk Contractual Territory	Chinese National Petroleum Corporation (CNPC)
Off-shore	
Block 1	Petronas of Malaysia
Block II (Cheleken Contractual Territory)	Dragon Oil (UAE)
Block III	Buried Hill (Canada)
Blocks 11 and 12	Maersk Oil of Denmark; Wintershall of Germany (Joint Operation)
Block 23	RWE of Germany
Block 21	Iteira of Russia

Table 56 Production Sharing Agreements (PSAs) in Turkmenistan⁴⁷

⁴⁷ <https://www.state.gov/documents/organization/228818.pdf>

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Sources

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