

INVESTMENT GUIDE TO TURKMENISTAN



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**President of Turkmenistan
Serdar Berdimuhamedov:**

– In international relations, we are guided by the basic principles laid down in the basis of the national strategy, based on the policy of neutrality and “open doors”. These principles are to protect the long-term interests of the country, ensure its closer integration into the world community, help resolve important global issues, maintain stability and security.



**PRESIDENT OF TURKMENISTAN
SERDAR BERDIMUHAMEDOV**

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INTRODUCTION

Turkmenistan is a Central Asian state with an advantageous geographical position, rich natural resources, a developed industrial infrastructure, an extensive transport and communication system and a high level of human potential. Turkmenistan gained its independence in 1991 and the legal status of Neutrality that has been twice recognized in 1995 and 2015 by the resolutions of the United Nations General Assembly.

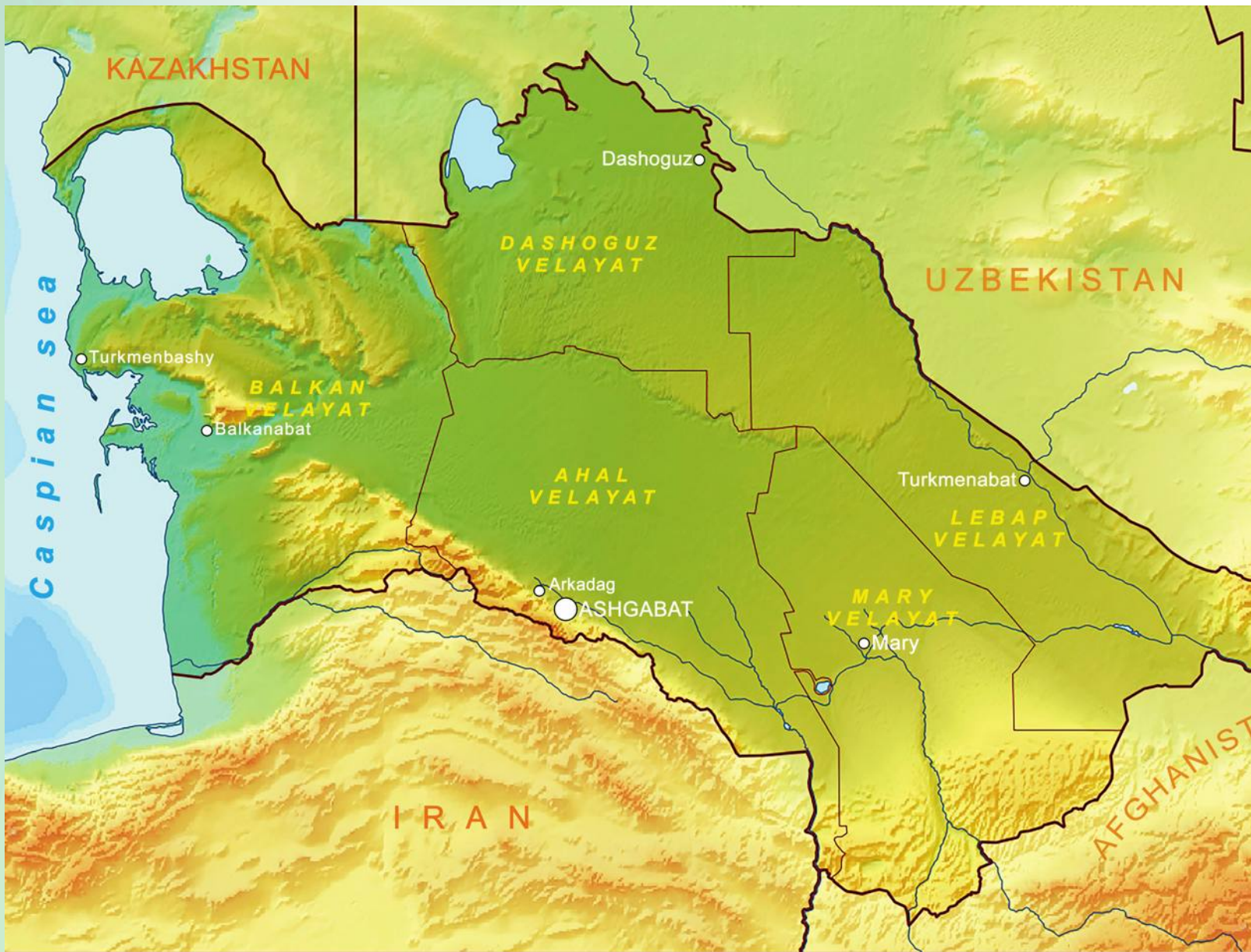
Today, Turkmenistan is continue to lead economic reforms, based on the use of modern equipment and advanced technologies, the creation of innovative production facilities, the deepening of the country's integration into the world economic system, the expansion of international cooperation and investment activities. In turn, it would create a solid foundation for a sustainable development.

The country continues the course towards creating a highly efficient, socially oriented economy with developed market institutions that guarantee the economic and political independence of the Turkmen state.

On this regard, Turkmenistan is making every effort to diversify the sectoral structure of the economy and actively participate in international trade.

The strategic goal of the ongoing reforms is to ensure macroeconomic stability, implement the industrial, investment, and social policies, achieve a high level of well-being of the population, and strengthen the competitiveness of the national economy. The key condition for the successful implementation of the urgent tasks in the sphere of the economy is the transition to a sustainable development model based on macroeconomic regulation, diversification of its branches and market transformations, the development of small and medium businesses, a balanced address of socio-economic development for the benefit of the current population and generations to come.

In addition, the reforms carried out in Turkmenistan are aimed at introducing world market standards into the economy, creating the most favorable investment climate for at-



tracting foreign capital. To this end, much attention is paid to further strengthening the country's investment image, which is facilitated by political and social stability, sustainable rates of economic growth, and a balanced financial policy. To increase the attractiveness of capital

investment in the economy of Turkmenistan, the investment legislation is being consistently improved, taking into account best international practices for the protection of the rights of investors, and the corresponding infrastructure is being developed.



The "open door" policy and, high investment attractiveness make our country a good and reliable partner for cooperation which, in turn, shall contribute to attracting foreign investment in the development of the national economy. Currently, Turkmenistan a big potential for devel-

opment of international economic relations with all interested parties and on a parity basis, that is, on terms of equality and mutual benefit, constant observance of national interests and commitments undertaken.





1. TURKMENISTAN – INDEPENDENT NEUTRAL STATE

1.1. State Symbols

The State Emblem and the State Flag are the Symbols of Turkmenistan's statehood.



east to west and 650 kilometers from north to south.

The northern and central parts of the territory of Turkmenistan are occupied by the sandy deserts of the Turan Lowland – Central, Zaunguz and Southeastern Karakum. There are mountains on the south and southeast of Turkmenistan. The highest point of Turkmenistan is situated in the Koytendag (3,139 meters) and the lowest point, Akchakaya depression, is 81 meters below sea level.

Turkmenistan is located at the Eurasian crossroads. Historically, the most ancient trade routes, including the Great Silk Road, passed via its territory.

1.2. Geographical Position

Turkmenistan is a country in Central Asia bordered by Kazakhstan and Uzbekistan to the north and northeast, Iran and Afghanistan to the south and southeast, and the Caspian Sea to the west.

The country covers 491,21 thousand square kilometers, measuring 1,100 kilometers from

1.3. Climate

Climate of Turkmenistan is sharply continental, with the exception of the inshore zone of the Caspian Sea.

Average annual air temperature along the whole territory is positive and ranges on plain part from 11-16°C in the north to 15-19°C in the south-east. The coolest month is January. March and April bring day



temperatures of around +12°C and +18°C, accordingly, while March sees the temperature rise up to 24°C. At the same time, there are temperature extremes in April when the temperature may rise up to +40°C.

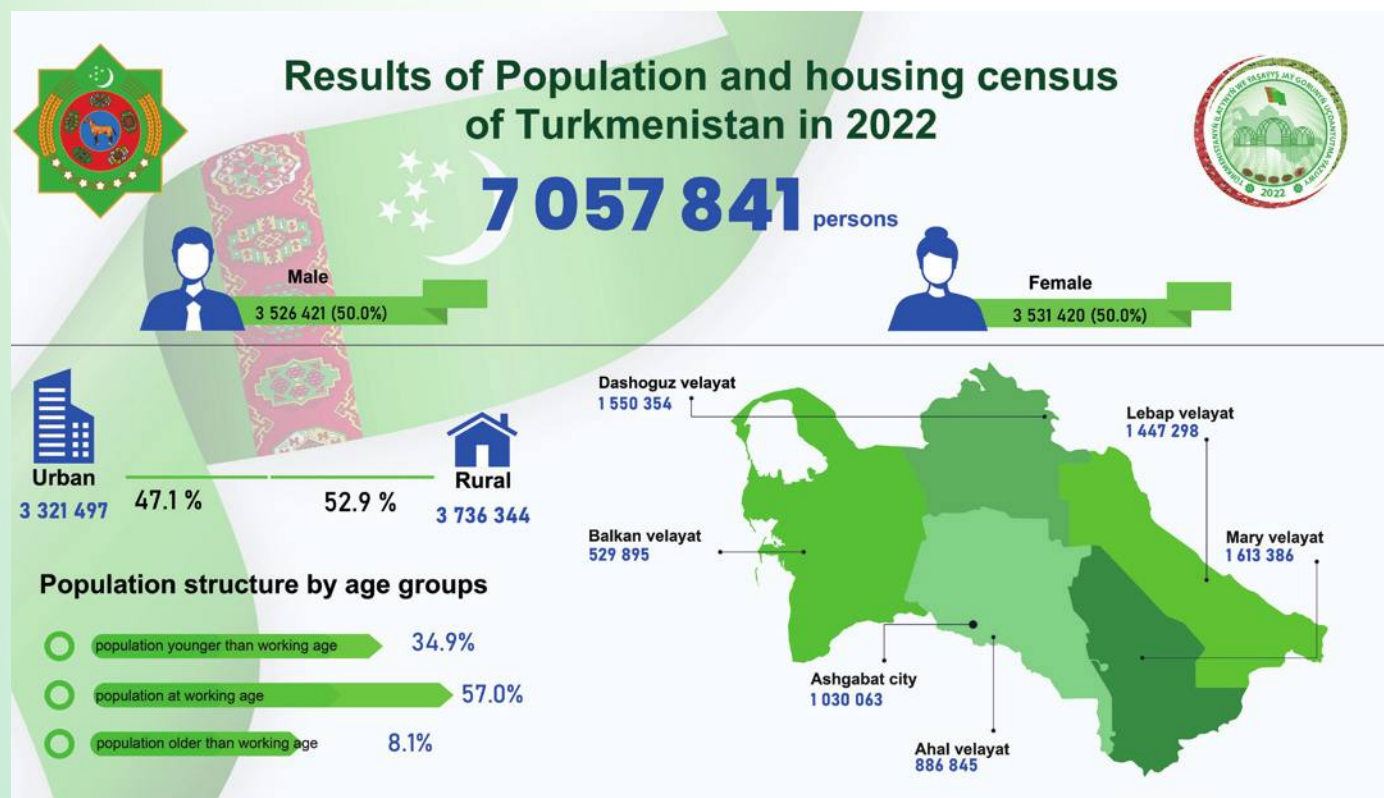
Summer on plain part is very hot and dry (in July, the average temperature exceeds 29°C).

The average annual precipitation ranges from 106 mm (Karabogazgol Bay) to 440 mm in the mountains and in forelands.

In the southeastern regions and in the Karakum desert, from June to October, there is the absence of precipitation.

1.4. Population

Turkmenistan is a multinational state. Representatives of more than 60 nations and nationalities reside in the country. Turkmens make up the majority of the country's population (86.7%). Turkmenistan has large diaspora of Uzbeks (9.1%) and Russians (1.6%), other nationalities make up 2.6%. Other nationalities living here are Armenians, Azerbaijanis, Kazakhs, Tatars, Lezgins, Uighurs, as well as Baluchi, Kurds, etc. By their anthropological appearance, Turkmens belong to the Trans-Caspian type of southern. Europoid race.





According to the results of the complete population and housing census, as of December 17, 2022, the population of Turkmenistan is 7,057,841. According to the population census, 22.9% of the population lives in Mary velayat, 22% – in Dashoguz velayat, 20.5% – in Lebap velayat, 14.6% – in Ashgabat, 12.5% – in Ahal velayat, and 7.5% – in Balkan velayat. About 50% of the population are men, more than 50% are women, 47.1% are urban residents, and 52.9% live in villages.

1.5. State Language

According to the Constitution of Turkmenistan, the Turkmen language is the state language. The use of their native language is guaranteed to all citizens of Turkmenistan. Turkmen language is one of the oldest in the world and represents the southwestern arm of the community of Turkic languages. It is closely related to Turkish, Uzbek, Kazakh, Azerbaijani, and Gagauz languages. The Latin alphabet is used in writing.

1.6. Religion

Islam is the main religion. There are mosques in all velayats

of the country, the largest of which are located in Ashgabat, Gokdepe and Kipchak. Along with Muslim mosques, there are temples of other religions confessions in the country.

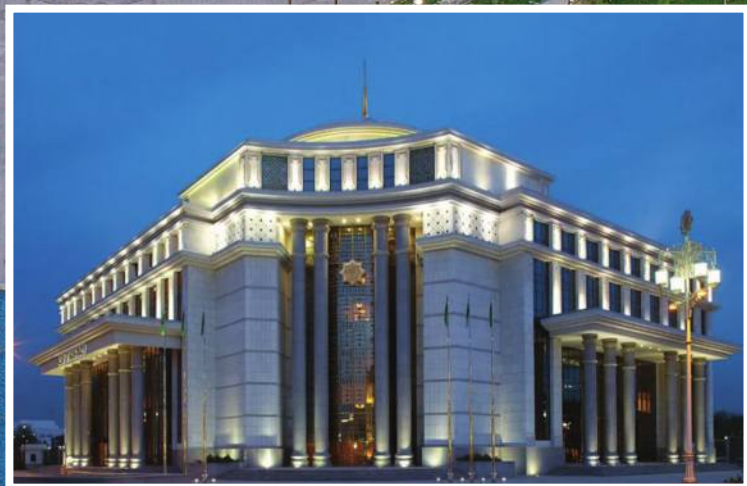
In accordance with the Constitution, Turkmenistan is a secular state. The State guarantees the freedom of religions and confessions and their equality before the law. Religious organizations are separate from the State and may not interfere in State affairs. The public education system is separate from religious organizations and is secular in nature.

1.7. National Currency

The national currency is manat, which was put into circulation on November 1, 1993.









1.8. Political System

Turkmenistan is a democratic, law-based, secular State. Form of government – Presidential republic.

On March 12, 2022, Serdar Berdimuhamedov was elected as President of Turkmenistan by popular vote.

The State shall protect the independence, sovereignty, territorial integrity, constitutional system of Turkmenistan, and ensure the law and order.

The Constitution of Turkmenistan is the basic law of the State. The state structure of Turkmenistan is based on the principle of separation of powers between the legislative, executive and judicial branches, which act independently and balance each other.

The people are the bearers of sovereignty and the sole source of the State power in Turkmenistan.

Turkmenistan recognizes the priority of the generally recognized norms of international law, and, being a full subject of the global community, implements the foreign policy of the principles of permanent neutrality, refrains from the use of force and participation in military blocks and alliances, non-interference in the internal affairs of other countries, promotes peaceful, friendly and





mutually beneficial relations with countries in the region and states of the whole world.

Turkmenistan has the status of permanent neutrality, recognized by the international community and enshrined by the Constitutional Law “On the Permanent Neutrality of Turkmenistan”, adopted on December 27, 1995.

On February 2, 2017, at its 71st session, the United Nations General Assembly adopted a Resolution unanimously to declare 12 December as the International Day of Neutrality. This important fact is another vivid example of the high authority of our Motherland in the world arena and the universal recognition of its significant contribution to ensuring regional and global peace, security and sustainable development.

The highest state authority and government in Turkmenistan is exercised by the President of Turkmenistan, the Mejlis of Turkmenistan, the Cabinet of Ministers of Turkmenistan, and the Supreme Court of Turkmenistan.

The President of Turkmenistan is the head of the state and executive power, the highest official of Turkmenistan, acting as a guarantor of the state independence and the status of permanent

neutrality of Turkmenistan, its territorial integrity, respect for the Constitution, human and civil rights and freedoms and fulfillment of international obligations. **The President** is the Supreme Commander-in-Chief of the Armed Forces of Turkmenistan.

The Cabinet of Ministers (Government) of Turkmenistan is an executive and administrative body. The President of Turkmenistan is the Chairman of the Cabinet of Ministers of Turkmenistan.

Local state power is exercised by local representative and executive bodies in the manner prescribed



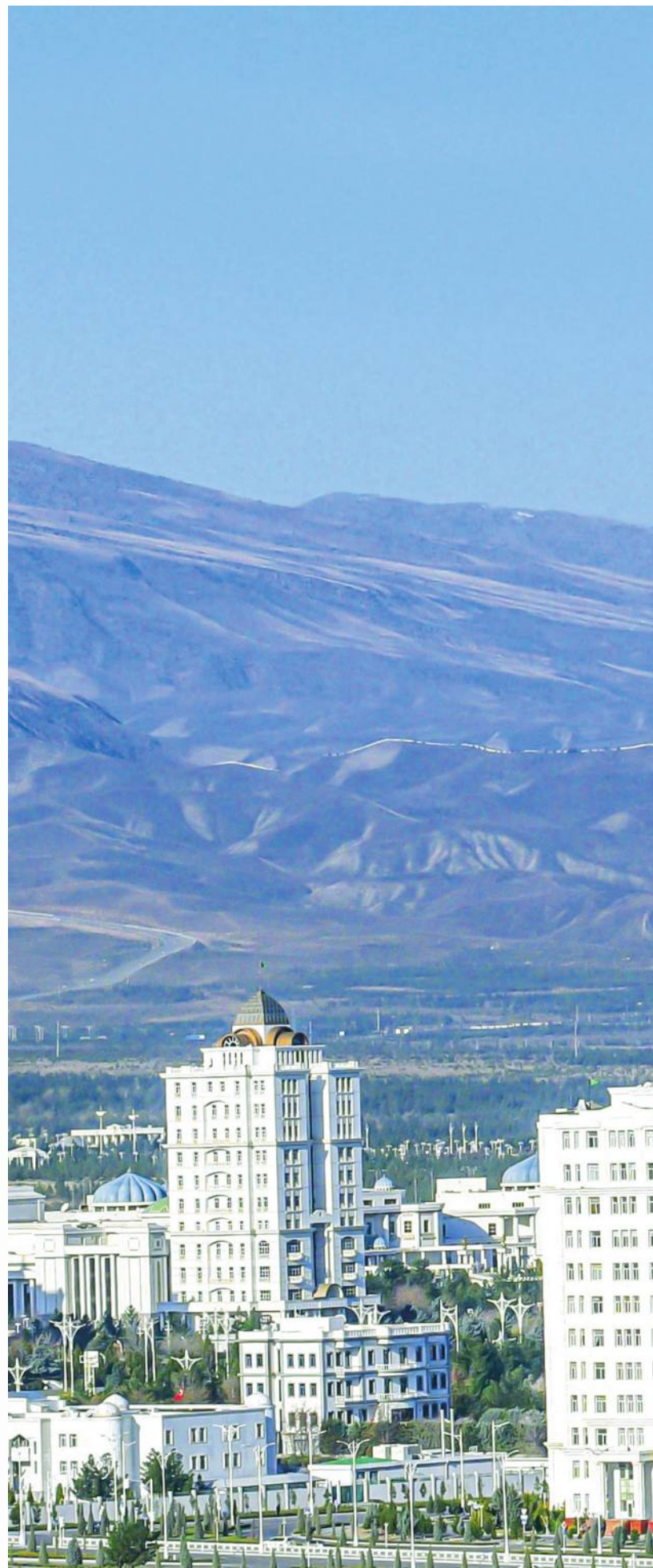


by the Constitution and laws of Turkmenistan.

Executive power in velayats (regions), cities and etraps (districts) is exercised by hyakimliks (administrations).

The Halk Maslahaty (People's Council) is a permanent highest representative body of people's power and has the powers of the highest state authority and government and acts in accordance with the Constitution of Turkmenistan and the Constitutional Law "On the Halk Maslahaty of Turkmenistan". The main goal and main tasks of the Halk Maslahaty of Turkmenistan are the wide involvement of the masses in solving issues of national importance, in the implementation of reforms and socio-economic programs being implemented in our country, developing proposals, advising, assisting and serving to strengthen unity, cohesion, tranquility, prosperity of the people and dynamic development, increase in power through great transformations in the new period of development of the Turkmen state.

Gengeshes are **representative bodies** of the state power in the city, etrap (district), settlement and village, performing the functions of the local self-government.





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The Judicial power in Turkmenistan is exercised by the Supreme Court and other courts established by law.

1.9. Ministries and Departments

The Ministry of Foreign Affairs of Turkmenistan is a central executive body that implements foreign policy activities and regulates the system of diplomatic service of Turkmenistan.

The Ministry of Finance and Economy of Turkmenistan is the central government institution charged with leading the financial and economic policy of Turkmenistan. The Ministry develops proposals and implements decisions of the Government of the country on the main directions of economic policy and legal regulation in the area.

The Ministry carries out financial policy and regulatory framework in the budgetary, tax, insurance and auditing spheres, and also develops methods of effective regulation that ensure sustainable socio-economic development of the country.

The banking system of Turkmenistan includes the Central Bank and credit institutions of Turkmenistan.

The Central Bank of Turkmenistan ensures the implementation of a

unified state monetary policy and is responsible for managing cash turnover, ensuring effective clearing and payment system operation.

The State Customs Service of Turkmenistan is a state body that responsible for the implementation of the customs policy.

The Customs Service carries out the task of ensuring the protection of the economic security of Turkmenistan, developing and applying the customs tariff mechanism, and monitoring compliance with the system of permits for the import and export of goods.

The Ministry of Trade and Foreign Economic Relations of Turkmenistan is a state body in the field of trade, foreign economic relations and consumer cooperation.

The Ministry ensures the observance of state interests in the foreign market in accordance with international treaties and agreements of Turkmenistan in the field of foreign economic relations.

The main task of the Ministry is to saturate the market with goods, products and services, improve the organization of trade and catering, organize and develop the wholesale, retail and cooperative trade, and purchase of goods, products and raw materials for industrial and technical purposes.





The Chamber of Commerce and Industry of Turkmenistan (CCI) promotes the development of the national economy, its integration into the world economic system, the formation of a modern industrial, financial and trade infrastructure, the creation of favorable conditions for business, including practical support to local producers and exporters of goods and services in their activities in foreign markets.

The CCI of Turkmenistan is the coordinator of international

congresses and exhibition events in our country and abroad.

The State Commodity and Raw Materials Exchange of Turkmenistan is a main organizational structure of the wholesale market of Turkmenistan, which is universal in its level of specialization and organizes exchange trading, and is responsible for the registration of contracts.

Ministries, departments, enterprises and organizations, as well as citizens of Turkmenistan that



export products, raw materials and goods produced in the country, shall participate in exchange auctions organized by the State Commodity and Raw Materials Exchange of Turkmenistan.

1.10. Administrative and Territorial Division

The administrative-territorial structure of Turkmenistan includes five velayats (regions) (Ahal, Balkan, Dashoguz, Lebap and Mary) and the cities of Ashgabat and Arkadag. Each of them, in turn, is divided into etraps (districts).

There are 37 etraps in Turkmenistan, capital city Ashgabat, 1 city with special rights - a city of state importance, 42 cities in etraps, 6 cities with etrap rights, 7 etraps in the cities, 70 villages, 461 gengeshliks (rural municipalities) and 1691 rural settlements. All cities, except Ashgabat city capital of Turkmenistan, and the city of state importance Arkadag, are under the administrative subordination of the velayats, on the territory of which they are located.

Ashgabat city is the capital of our country and the largest business, administrative and political center, with multifunctional production,

trade, transport, scientific and educational potential. The city was founded in 1881 and is located in the foothills of the Kopetdag. Currently, the capital is developing steadily at a high pace, providing a high level of income and quality of life for the population.

According to its administrative and legal status, the capital is equal to the velayat (region) and includes four etraps (districts): Berkararlyk, Kopetdag, Bagtyyarlyk, Byuzmeyin.

The architectural beauty of the capital, its palace complexes, residential areas with high-rise buildings, wide avenues and squares serve as a symbol of the unity and cohesion of the Turkmen people, their respect to the traditions of their glorious ancestors and aspirations for their happy future. The architectural view and the boundaries of the emerging metropolis are expanding to take a worthy place among the most beautiful capitals of the world.

Ashgabat that gets new displays every year would impress with the scope and splendor of its new landmarks, some of them are included in the Guinness World Records.

The economy of Ashgabat is represented by enterprises and organizations in such industries as



electricity, textile, food industry, building materials industry, construction industry, transport and communications, and all sectors of the social sphere. Active industrial and social development of the city, based on a high level of investment and maintaining high rates of production, makes it possible to improve its infrastructure every year and carry out large-scale transformations.

Arkadag city

The large-scale celebrations held on June 29 to mark the inauguration of Arkadag a new city of state importance, – was one of

the central historical events of 2023 in the country. The new city is a bright example of a “smart city” that built using the digital, information and communication and “green” technologies. The best traditions of national architecture and modern trends in the field of architecture and design are harmoniously combined here. The created comprehensive infrastructure that meets international standards, including in the environmental sphere, provides optimal comfort and convenience to residents.

During the construction of the city, a particular attention was paid



to the current aspect – ecology, in particular, environmentally friendly materials were used. This is evidenced by the fact that Arkadag city was awarded a certificate of accession to the project “Development of sustainable, green, climate-friendly cities with innovative solutions in the region of the Organization for Security and Cooperation in Europe.”

Road and transport infrastructure that meets international standards was of interest to representatives of the international community. Wide, spacious avenues, streets and roundabouts are equipped by modern lighting, video surveillance and control systems, in particular, the Intelligent Transportation System (ITS). The installation of appropriate road signs has been carefully handled.





It shall promote the information content, safety and efficiency of road traffic and, in general, shall support the interaction of all its participants – drivers, passengers and pedestrians. The main function of the ITS is the implementation of “smart” roads equipped with intelligent technologies. New electric buses and electric taxis shall provide high-quality and cultural service for residents and guests of Arkadag city. “Smart” car parks and charging stations for electric vehicles are controlled and regulated by special sensors and modern information and communication technologies. The Arkadag city embodies all the newest and most progressive that is in the world of urban planning and engineering and technical know how and serves as a clear confirmation of the success of the state policy implemented in Turkmenistan, focused on the comprehensive innovative development of the country, increasing its economic potential, and steadily increasing the level and quality of life of people.

Ahal velayat is located in the south of the central part of the country, on the border of Iran and Afghanistan in the foothills of the Kopetdag. Its

territory is 96.16 thousand km² (19.8% of the total territory of the country). The administrative center of the velayat is Anau city.

The economy of the velayat is an industrial-agrarian nature. Industries are developing at a steady pace, including gas, mechanical engineering, metalworking, light industry, and the building materials industry. Ahal velayat is one of the largest regions of the country in terms of natural gas reserves and production.

The velayat is also one of the developed agricultural regions of the country and has all the conditions for expanded reproduction of agriculture. The velayat provides itself and the Ashgabat city with food and raw materials for processing enterprises.

Due to its natural and climatic conditions, the velayat is a unique area for growing the most valuable varieties of fine-fiber cotton. In addition, wheat, vegetables and melons, grapes and fruits are grown here. The velayat is a leader among other regions of the country in grain production. The presence of significant land resources and rational use of the water potential of the Karakum river make it possible to



increase the area under cultivation of various agricultural crops. There are opportunities for the development of livestock farming.

An advantageous geographical location, a developed transport and communication system, the availability of recreational resources, unique natural and historical monuments contribute to the development of not only the manufacturing sector, but also the service sector, including tourism.

Balkan velayat is located in the west of the country. It has the largest area (139.27 thousand km² or 28.4% of the total territory of Turkmenistan). The administrative center of the velayat is Balkanabat city.

Balkan velayat is an industrially developed region of the country. Due to its rich natural and climatic

resources and favorable geopolitical position, the region occupies a dominant position in the production of export-oriented products and services. The role of the velayat in the country's economy is determined by the extraction and processing of the richest mineral resources and products of their processing, the most part of which is export-oriented, as well as by the tourism potential and efficient transport infrastructure.

The velayat has great potential in the development of oil- and gas-chemical and chemical industries, related to both the integrated use of resources from already developed fields and the industrial development of new deposits of chemical raw materials.

Balkan velayat is very well located in terms of transport and





geography. The good possibilities have been created in the velayat for the North-South transport corridor, which connects the railway routes of Russia–Kazakhstan–Turkmenistan–Iran, with access to the Persian Gulf and the Indian Ocean.

The city of Turkmenbashi, the country's sea gate is a major transit hub in the system of foreign economic relations of Turkmenistan and is considered as the most important transit point for the effective development of the international transport corridor with many interested countries in Europe and Asia. To increase the volume of maritime transportation, the Turkmenbashi International Seaport, the largest in the region, offers a ship repair plant and a logistics center and a ferry terminal. The port infrastructure and berths meet the international requirements.

The availability of rich recreational resources promotes the development of the international tourism and related infrastructure in the velayat. The Avaza National Tourist Zone is located in the city of Turkmenbashi along the coast of the Caspian Sea. There are many modern white marble luxury hotels and recreation centers, cottage complexes

for family holidays, boarding houses, sanatoriums and health resorts for children and adults.

Dashoguz velayat is located in the north of Turkmenistan on the left bank of the Lower Amudarya River. It bordered by Republic of Uzbekistan to the north, northwest, and northeast. It occupies 15% of the territory of Turkmenistan or 73.43 thousand km². The administrative center of the velayat is the city of Dashoguz.

Dashoguz velayat has its own specialization of economic development, which is determined by natural and climatic resources, crop and pasture lands, as well as labor potential. The economy of the region is agrarian-industrial nature.

The diversity of the raw material composition of non-food agricultural resources makes the light industry to be one of the system-forming industries of the velayat. Over a hundred types of food and non-food products are produced in the velayat. The electric power industry and the construction materials industry are rapidly developing in the region.

A railway connecting Turkmenistan with foreign countries passes through the territory of the velayat. The Dashoguz velayat has a



developed network of internal roads, close economic ties with the regions of the country and access to the foreign market (Kazakhstan, Uzbekistan, Russia and European countries).

The presence in the region of unique historical monuments of the 14th–16th centuries and natural and recreational areas, make Dashoguz velayat attractive for the development of tourism.

Lebap velayat is located in the eastern part of Turkmenistan. It bordered by Uzbekistan and Afghanistan to the northeast, east and south. The velayat occupies 19% of the total area of the country or 93.73 thousand km². The administrative center of velayat is the city of Turkmenabat.

By its specialization, the region is agrarian-industrial, which predetermines the demographic

characteristics of the population. Lebap velayat has significant economic and resource potential, advantageous geographical location and developed transport infrastructure.

Industry plays a key role in accelerating the socio-economic development of velayat. The basis for the development of the industrial potential of the region are large reserves of various minerals. In the structure of industrial production, the largest part is for the fuel industries, mainly gas, and in the manufacturing industries – for light and food industries. The chemical, mining and construction industries are also developing here. The velayat produces electricity, liquefied gas, cotton fabrics, knitwear, whole milk products, flour, bakery and confectionery products.





Agriculture in the region is carried out on the basis of a high culture of agriculture and is represented by cotton growing, grain growing, vegetable growing, viticulture, livestock breeding, sericulture, etc.

Lebap velayat serves as a connecting transport hub, in particular, it connects Turkmenistan with other countries of the Central Asian region via its railway and extensive road network. The velayat has all types of transport including river transport. There is also a developed pipeline network through which a “blue fuel” is supplied.

The region has all the conditions for the development of a modern, highly efficient and competitive tourism complex.

Mary velayat is located in the southeast of Turkmenistan. It bordered by Afghanistan to the south and southeast. The territory of the velayat is 87.15 thousand km² (17.7% of the total territory of the country). The administrative center of the velayat is the city of Mary.

The economy of Mary velayat is industrial-agrarian. The enterprises of the electric power, gas, chemical, light and food industries are the basis for the development of the region's economy. Gas production and processing, mechanical engineering

and metalworking, textile and light industry are contributing to the growth in industrial output in the velayat. Hydrocarbon resources are of great importance. The gas industry is developing at a high rate.

The velayat is a leader in the country in terms of gross agricultural output. The agriculture is represented by cotton growing, grain growing, and livestock breeding. Mary velayat is a home for growing unique varieties of fine-fiber cotton.

Livestock breeding is one of key sectors in the region's agriculture. The velayat's farms are the country's main producers of meat, honey, milk, wool, and eggs.

The velayat has a well developed transport and communication structure and is represented by rail, road, and air transport.

Mary velayat has enormous potential for the development of a modern tourism industry. There are a number of historical monuments of the ancient Merv civilization on its territory, including the Mausoleum of Sultan Sanjar, the Mausoleum of Muhammad ibn Zeid, the Tomb of the Askhabs, the Yusuf Hamadani Mosque, the world-famous health resort for the treatment of kidney diseases in Bayramali city, unique caves near the Tagtabazar city, etc.







1.11. International Cooperation

The President of Turkmenistan put forward a number of initiatives to promote the investment activity in the country, diversify the national production, develop the business environment, and to increase the competitiveness of the national economy that received broad support from the international organizations.

The ongoing large-scale reforms in Turkmenistan are aimed at diversifying and modernizing the economy based on the industrial-innovative development model and the widespread introduction of the digital economy, which allows creating a reliable foundation for the further dynamic prosperity of the country. These transformations create new opportunities for expanding productive cooperation with foreign countries on the basis of mutual benefit.

In the implementation of economic reforms in Turkmenistan, the state foreign economic policy plays the important role, and is aimed at achieving effective integration of the national economy into world economic relations. Currently, more than one hundred countries of the world, especially countries of Asia and Europe, are trading partners of Turkmenistan. The increased share

of exports has led to more balanced foreign trade, which is mainly due to increased domestic production.

Successfully implementing the “open door” policy, Turkmenistan has established fruitful relations with dozens of countries around the world and expanded its cooperation with the leading international financial institutions and large foreign companies that have extensive experience and advanced technologies in various fields. As a result, trade and economic relations have been established, and great opportunities have been opened up for further development and diversification of trade relations.

The growing trends of economic globalization in the modern world, especially in post-pandemic period, have set Turkmenistan the task of intensive integration into the world economy and the system of international economic relations. In this regard, the expansion of cooperation between Turkmenistan and the WTO, as a global structure for the liberalization and promotion of international trade, will contribute to the strengthening of our country in foreign trade, as well as the increasing the volume of exports of domestic products to foreign markets and will create favorable conditions for



attracting direct investment into the country.

A special Government Commission has been established in Turkmenistan to study the issues related to our country's accession to the WTO and prepare relevant proposals. As a result of the steps taken, in July 2020, Turkmenistan gained an observer status in the WTO, and, in 2022, received the status of an acceding country ("active observer") to the WTO.

Currently, Turkmenistan, being in a geographically advantageous

location – at a strategic intersection of transport routes, is promoting initiatives to implement large-scale, national and regional projects aimed at creation of a multidisciplinary international transport and logistics infrastructure. These projects will make it possible to bring trade and economic cooperation between the countries of Asia and Europe to a qualitatively new level by significantly reducing the distances and travel cost of large cargo flows, including transit.



The country's foreign economic policy is aimed at achieving the goals of ensuring stability and economic development. For the successful implementation of these goals, Turkmenistan is actively cooperates with all major international organizations and agencies, in particular:

- 1) United Nations;
- 2) World Trade Organization;
- 3) United Nations Economic Commission for Europe;
- 4) United Nations Trade and Development Commission;
- 5) United Nations Economic and Social Affairs Commission for Asia and the Pacific;
- 6) International Trade Center;
- 7) Organization for Economic Cooperation and Development;
- 8) Economic Cooperation Organization;
- 9) International Monetary Fund;
- 10) World Bank;
- 11) Asian Development Bank;
- 12) European Bank for Reconstruction and Development;
- 13) Islamic Development Bank and other development banks;
- 14) Other specialized international organizations (IRU, Energy Charter, IEA, etc.).

The priority vector of the foreign economic policy of Turkmenistan is the development and implementation

of international norms and standards of foreign economic activity, increasing cooperation with international organizations. Comprehensive development of trade at the regional level is one of the main directions of the policy of Turkmenistan. Further development of the regional trade partnership will create conditions for the full implementation by our country's economic potential, and it will be an important step towards enhancing the interaction of the Turkmen state in a multilateral format.

In this context, it is worth to note that Fitch Ratings, the most prestigious rating agency in the world, assigned short-term rating on the level "B" and the long-term rating on the level "B+ stable" to Turkmenistan, which indicates the stable development of the national economy. At the same time, this factor is intended to contribute to the expansion of the country's foreign economic activity and the expansion of its trade and economic relations with other states. Currently, Turkmenistan actively cooperates with major international financial organizations and institutions, such as the International Monetary Fund, the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Islamic Development Bank.



1.12. Cultural, Historical and Modern Values of the Country

In Turkmenistan, the great attention is paid to the issues of preserving and reviving the historical and cultural national heritage, ensuring state protection of existing historical and cultural monuments, their study as well as carrying out restoration and conservation work.

Historical Heritage

The archaeological excavations made Turkmenistan famous across the world for its rich historical and cultural heritage. The discovery of a previously almost unknown fifth civilization in the ancient delta of the Murghab River made it possible to

supplement significantly the history of the Ancient World.

Historical and cultural monuments of Turkmenistan are an integral part of world civilization. The inclusion of the following historical and cultural monuments – the Ancient Merv, the ancient city of Kunyaurgench, and the Parthian Fortresses of Nisa - in the UNESCO World Cultural Heritage List is a bright example of this. In recent years, the Mausoleum of Sultan Sanjar in Merv, the Mausoleum of Abul Fazl in Sarahs and the Mausoleum of Abu Said in the Kaahka etrap, the Talkhatan Baba Mosque in the Iolotan etrap, the Mashat-ata complex, the minarets and portal of the medieval cathedral Mosque of Dehistan, the Alamberdar Mausoleum in Kerki etrap and other monuments have been restored. The territories of the most famous





settlements have been declared the state historical and cultural reserves.

Nisa (Ahal velayat) – a city located in the foothills of Kopetdag. Nisa was one of the first capitals of the Parthian Empire (III century BC – III century AD), one of the largest state of the ancient world. In fact, it includes two ancient settlements located at a distance of 2 kilometers from each other. These are the Old and New



Nisa – the remains of the large and well-fortified city of Mithradatkert, which was the important point of the Parthian Empire. These settlements have preserved their sites for two thousand years and still hide in their depths the traces of an ancient civilization that harmoniously combined its own local cultural traditions with elements of ancient Greek and Roman art.

The ruins of Old Nisa consist of several ancient structures, including palaces, temple buildings, a treasury, a huge wine storage and storerooms.



The fortress walls were 8–9 m thick in their base and were strengthened with 43 rectangular towers.

Ancient Merv (Mary velayat) – one of the ancient and medieval cities of Central Asia, located next to the modern city of Bayramali. This is one of the largest archaeological sites in Central Asia. A number of ancient settlements have been preserved here (Erk-Kala, Gyaur-Kala, Sultan-Kala, Abdullahan-Kala and Bayramali-Kala), which serve as the historical topography of this legendary city – from ancient times to the late Middle Ages. The most interesting architectural monuments

An aerial, high-angle view of a virtual reconstruction of the ancient city of Merv. The central feature is the massive, rectangular Kyz-kala fortress, built with light-colored mud-brick and featuring a prominent central tower with a crenellated roof. The fortress is surrounded by a wide, dry moat. Beyond the moat, the city unfolds with a dense cluster of smaller, similar-style buildings, some with domes and others with flat roofs. A river, the Oxus, flows through the city, its banks lined with lush green trees. In the background, a long, low wall stretches across the horizon, and a distant city skyline is visible under a clear blue sky. The overall scene is a detailed digital recreation of a historical site.

Merv. The Big Kyz-kala.
Virtual reconstruction





include the Big and Small Kyz-Kala, the Mausoleums of Muhammad ibn-Zeid and the Ashabs, the Hoja-Yusup Hamadani Mosque and the grandiose Tomb of Sultan Sanjar, which is considered, by the unanimous recognition of researchers, an unsurpassed masterpiece of medieval architecture of the East.

Omar Hayam, al-Mervazi, al-Samani, Enveri and other great philosophers of the Middle Ages lived and worked in Merv at different times. Archaeological research reads

the history of the emergence of the first city on the site of ancient Merv dates back to the VII century BC. The city was surrounded by the present site of Erk Kala.

Kunyaurgench (Dashoguz velayat) – capital of the Northern Horezm region, its history dates back to the I century AD. In the middle of the VIII century, the city was under Arab rule and, in 995, it was renamed Gurganj. Having become the residence of the Horezmshahs, the city became famous as a major cultural and commercial center of the Middle Ages. Abu Reyhan Muhammed ibn Ahmed al-Biruni, the great encyclopedist, (973-1050) and Abu Ali ibn Sina, the outstanding naturalist, physician and philosopher, known in the West as Avicenna (980-1037) are the bright personalities who lived and worked here. The city suffered many disasters during its existence and was destroyed many times. Therefore, many monuments of Kunyaurgench have survived to this day in a severely damaged state. However, the monuments such as the mausoleums of Tyurabek-Hanum (XIV century), Sultan Tekesh (XII century), Il-Arslan (XII century), and the Minaret of Kutlug-Timur (XI-XIV centuries) and others admire the visitors still.





Today Kunyaurgench is not just a complex of historical monuments, the grandeur of which attract tourists from all over the world, with an ancient minaret (XI century) about 60 meters high, one of the tallest buildings in the world, in its core, but also a sacred place for Muslims. The people's memory of the outstanding personalities of Kunyaurgench is clearly reflected in the tombs, unique in their architecture and artistic value, which were built in this sacred city in different eras. One of these places includes the sacred complex of Nedjmeddin Kubra, which is popularly called "Uch yuz altmysh"

of the Amudarya River (Lebap velayat). The earliest mention of Zemm dates back to the beginning of the VII century. In the city, there are ruins of two archaeological monuments, one of them is the "Bekov Fortress", which served as the residence of the Bey of Kerki until 1917, the other monument is the "Russian Fortress", which existed in the Kushano-Sasanian period. At the end of the XIX century, a treasure trove of gold and silver coins was found here. Among them were silver coins of the Sasanian king Varahran V (420-438). The sights of ancient Zemm includes



("360") and is the center of mass pilgrimage (ziyarat) of Muslims from all over the world.

Kerki was formerly known as Zemm. It is located on the banks

the mausoleums of Astana Baba (a unique complex structure that has been repeatedly reconstructed and expanded over several centuries) and Alamberdar.



Ancient Dehistan (Balkan velayat) – the largest monument of medieval Dehistan – the site of Misrian, which flourished during the reign of the Horezmshahs. The high level of development of urban culture in Dehistan is evidenced by its improvement. Traces of dense residential development with the presence of water supply systems, sewerage systems, bathhouses, pavements, etc. were discovered. There was also a madrasah in Dehistan dating back to the pre-Mongol period.

Old Sarahs (Ahal velayat) is an ancient and medieval city in the upper reaches of the Tejen River. The history of the Sarahs oasis dates back to the Eneolithic period (IV millennium BC). The history of Sarahs (VI century BC – XIX century) underwent the periods of prosperity and decline.

It has always been one of the most significant and key cities in the region, in a whole series of successive state formations (Achaemenid Empire, Greco-Bactrian Kingdom, Parthian Empire, Sasanian Empire, Tahirid State, Ghaznavid and Seljuk Empires, etc.). The main thing that made Sarahs famous was its architectural school, unique for the entire Middle East, which existed in the XI–XII centuries. Master builders from Sarakhs became

so widely known that they were invited to build unique buildings in many cities of Iran and Central Asia.

Abiverd (Ahal velayat) – a medieval settlement located in the west of Kaahka, was one of the most significant cities of Northern Horosan. Its existence is mentioned in written sources from the time of the Arab conquest (V–VII centuries). In the Abiverd district there were



several dozen villages, settlements and a number of cities. The medieval Abiverd city is entirely covered with a cultural layer of late times (XV–XVIII centuries), ceramic products of the IX–XII centuries, locally minted coins dating back to a later time are found in abundance here.

Gokdepe fortress (Ahal velayat) – located northwest of Ashgabat city, it was built in 1879.

The historical and cultural heritage of Turkmenistan is of particular interest among archaeologists, architectural historians and orientalists from many countries of the world.





Modern Landmarks

Mosque of Turkmenbashi Ruhy – the largest single-domed mosque in the world, the main mosque of Turkmenistan and the largest mosque in Central Asia is located in housing complex Kipchak of Ashgabat. It was opened in 2004. The mosque is constructed of white marble and has an area of 18 thousand square meters. The scale of the building is impressive and breathtaking. About seven thousand men and three thousand women can pray here at the same time. On the territory of the mosque, there are premises for ablution and rituals. The walls of the building are decorated with quotes from the Koran and the book "Ruhnama".

Independence Monument of Turkmenistan is located in the National Park of Independence of Turkmenistan in Ashgabat. The monument is 118 meters high. A column topped with a gilded crescent with five stars – a symbol of unity of the five largest Turkmen tribe. The lower part of the monument is a hemisphere resembling a traditional Turkmen yurt in shape. Fountains flow down all the domes of the snow-white yurt. In addition, the monument is surrounded by 27 statues of Turkmen heroes.

The State Museum of the State Cultural Center of Turkmenistan is the largest museum in the country, located in Ashgabat. It was opened





in 1998. The area of the museum is approximately 15 thousand square meters. The museum houses over 145 thousand exhibits, which include artifacts from Old Nisa and Ancient Merv. The collection of the museum also includes ancient carpets, unique samples of national clothes and fabrics, household items, awards, weapons and items made of precious metals. The museum constantly has galleries dedicated to culture, ethnography, as well as the history of the whole Turkmenistan.

The new Museum of Local History is located in the center of Arkadag city. Its building resembles a medieval fortress. The museum hosts five independent exhibitions: “independence”, “ethnography”, “art”, “archaeology”, and “nature”. The



museum’s collection includes exhibits reflecting all periods of the historical development of Ahal, on the territory of which there are world-famous monuments of antiquity, the Bronze and Iron Ages, the Neolithic and Eneolithic eras, the Middle Ages and etc.

The main flag of Turkmenistan, listed in the Guinness Book of Records, was installed in 2008 and is located in Ashgabat. The weight of the national flag flying on the 133-meter flagpole is 420 kg. The flag reflects the age-old dream of the Turkmen people for independence and freedom and serves as a symbol of the unity and inviolability of the sovereignty and neutrality of the Turkmen state.

The Monument to the Constitution was opened in 2011 and is located in Ashgabat. The height





of the structure is 185 meters. It is a unique and majestic tetrahedral column. Each face is decorated with carpet ornaments. The column is topped with a gild crescent and five stars. The lower part of the monument is a three-stage 27-meter base in the form of the star of Oguz Han and a 10-meter platform with porticos, cascades of fountains and front staircases on all sides. There is a museum inside the complex.

Memorial complex of “Halk hakydasy” (“People’s memory”) is in the southwestern part of Ashgabat. It includes monuments to the honour of those killed in the Battle of Gokdepe in 1881, in the Great Patriotic War of 1941–1945, and in the 1948 Ashgabat earthquake. There is a museum on the territory of the complex.

The memorial complex was opened on October 6, 2014. It has an area of 650 thousand square meters. The length is 916 meters and the width is 626 meters.

Cableway — in Ashgabat city, the only one in Turkmenistan. The facility was built in the foothills of Kopetdag in 2006. The funicular can take 300 people up at the same time, and in just one day the number of visitors can reach 1,700. The length of the cableway is 4 km.



Turkmen Horses

The Ahalteke horse is a racehorse breed, which was cultivated on the territory of modern Turkmenistan with a history of selective breeding stretching back over 5,000 years. Since ancient times, the fleet-foot Ahalteke horses have been mentioned in China, Greece, Italy, in the works of ancient poets, philosophers and scientists – Homer, Ptolemy, Strabo,

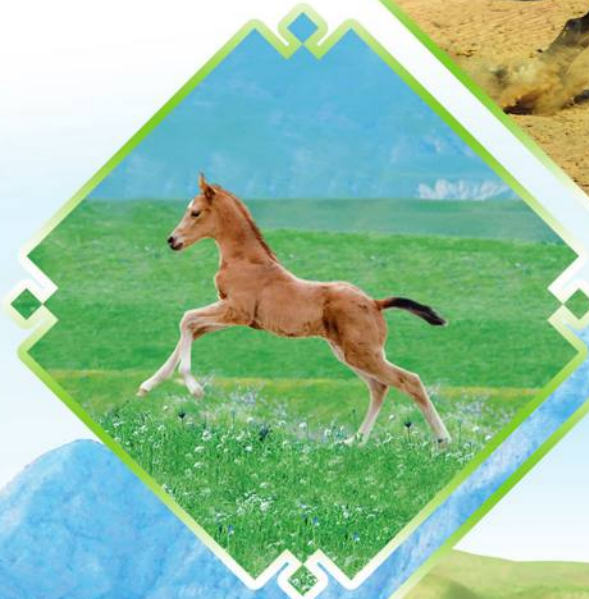
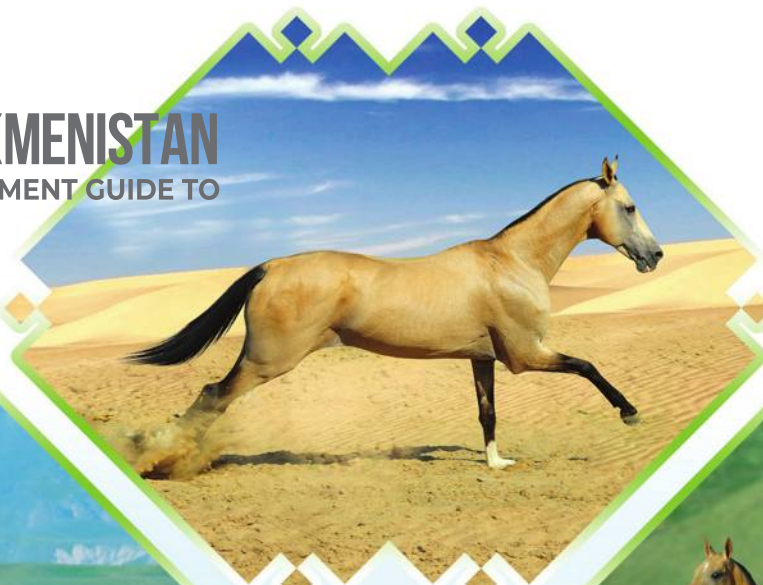


Appian, Xenophon, Herodotus. In addition, the whole history of our people is full of stories and legends, testifying to the boundless love for a faithful friend and the life companion – Ahalteke horse. For many centuries, Turkmen horses with the unique qualities of endurance and true devotion to a man, exceptional in their beauty, grace and swiftness, are an invaluable property of the universal civilization.

The Ahalteke horses are considered one of the oldest cultivated breeds, which had influenced many other breeds in the world. The Turkmen horse made significant contributions to the development of the Arabian, Thoroughbred (or English Racehorse), Oryol, Karabakh, Persian and other breeds of horses.

The Ahalteke horse is well adapted to the dry, hot climates and perfectly acclimatized in other conditions.









The Ahalteke takes its name from a Turkmen tribe Teke that lives at the Ahal oasis, who has long bred these horses. Back in the early XX century, Teke horses from Ahal were called Ahalteke.

The Ahalteke horse has an unusual exterior. The appearance of this breed radically distinguishes it from other horse breeds. Ahalteke horses have a fairly large stature (on average about 160 cm at the withers for stallions), an extremely dry constitution, and refined forms. The body lines are long.

Ahalteke horses have high endurance, agility. It is also known that the Ahalteke horses became famous in the history of the world horse breeding by participating in long horse treks, routes which numbered thousands of kilometers. Many of their records have still not been broken. The incredible endurance of this horse breed was demonstrated on a legendary race from Ashgabat to Moscow in 1935 in which Turkmen riders covered the distance in just 84 days, and passed through the Karakum Desert with no water in 3 days.

The Ahalteke horses demonstrate excellent results not only in traditional horse riding, but also in

other types of equestrian sports, including Olympic Jumping, which, at the initiative of the National Leader of the Turkmen people Gurbanguly Berdimuhamedov, was included in the program of the V Asian Indoor and Martial Arts Games.

Another noteworthy fact is the nomination of Turkmenistan “Art of Ahalteke horse breeding and traditions of horses’ decoration” has been inscribed on the UNESCO Representative List of the Intangible Cultural Heritage of Humanity in 2023.

Turkmen Alabay

The Turkmen Alabay is a preserved purebred breed that has come down to our times unchanged from ancient times. During excavations of the Altyn-





Depe settlement in Turkmenistan (2 thousand years BC), a terracotta figurine of a dog and the remains of a large animal with powerful jaws and a short muzzle, reminiscent of a modern Alabay, were discovered.

Alabay has become widespread in the countries of Central Asia, the Caucasus and other regions. But, according to expert cynologists, the best representatives of the breed are concentrated in Turkmenistan. These are strong, hardy dogs.

The characteristic features of the Alabay are fearlessness, nobility, and loyalty. Since ancient times, representatives of the breed have been used not only as herding dogs, but also as excellent guard dogs and guard dogs.

In the early 90s, the Turkmen Alabay was declared a national treasure. Today, work is underway to nominate the Art of Breeding the Turkmen Alabay to the UNESCO Representative List of the Intangible Cultural Heritage of Humanity.

It should also be mentioned that the image of the Turkmen alabay was chosen as the official symbol of the V Asian Indoor and Martial Arts Games held in Ashgabat.

Turkmen Carpets

Carpet making is one of the oldest types of folk art in Turkmenistan, and its careful preservation is of great importance for the transmission from generation to generation of the most important component of the national culture.

One of the main features of traditional handmade Turkmen carpets is that they are pure wool. Pure wool yarn is produced from the wool of saryja sheep. Over the centuries-old history of its existence, carpet art has achieved high perfection and artistic expressiveness of patterns. There are about a hundred traditional, widely used patterns, which are divided into five main groups, such as the Ahalteke, Teke, Yomut, Dashoguz and Lebap.

The works of Turkmen carpet weavers are known far beyond the borders of the country; they can be found not only in museums around the world, but also in private collections. Ancient samples of Turkmen carpets are currently stored in Museums, Exhibition Halls and Galleries of Russia, England, Germany, France, Italy, Spain, Austria, Switzerland, USA, Iran, Türkiye, Egypt – this is not a complete list of countries, in





art galleries where you can find excellent examples of Turkmen carpet weaving. In Ashgabat there is the world's only National Museum of Turkmen Carpet.

One of the most valuable relics of this museum is the giant carpet "Türkmen Kalby" ("Soul of the Turkmen"), created in 1941-1942, with an area of 193.5 square meters.

In 1996, Turkmen carpet weavers wove a second giant carpet with an area of 266 square meters and weighing 550 kilograms, which is stored in the State Museum of Turkmenistan. In 1998, the third giant carpet was created – its area is 294 square meters and its weight is

1106 kilograms. In 2001, the fourth giant carpet was woven with an area of 301 square meters and weighing 1200 kilograms. This carpet is included in the Guinness World of Records book as the world's largest handmade carpet.

Elegant Turkmen carpets are in great demand on the world market due to their unique patterns and high quality. A special type of carpet weaving art is the creation of carpet portraits by Turkmen craftswomen.

Turkmen carpets have repeatedly received numerous prestigious awards at international fairs and exhibitions in Paris and Montreal, Leipzig and Brussels.



2. INVESTMENT CLIMATE

2.1. Natural Resource Potential

Land Resources

Land resources of Turkmenistan are one of the main natural resources and a fundamental source for the country's economic development and improving the well-being of the population. The agricultural land accounts for about 81% out of the country's total land area (49.1 million hectares). They are represented by both cultivated lands – arable lands, gardens, vineyards, forest strips and plantings, and natural ones – hayfields, pastures, forests and other land. The composition of land resources also includes lands of agricultural, environmental, recreational, recreational and historical and cultural purposes, lands of state

reserves, forest and water resources, settlements, industry, transport, communications, energy, defense and other industries and other purposes.

Turkmenistan has a significant territory suitable for use in agricultural production and other sectors of the economy. The country's golden fund is agricultural land, of which irrigated land has the greatest agricultural value. Currently, more than 1.8 million hectares of land are irrigated.

Most of the territory of Turkmenistan is represented by natural pastures, which occupy 37.9 million hectares or 77.2% of the country's land fund and used for year-round grazing of small ruminants and camels.





Water Resources

The water resources of Turkmenistan are represented by the flow of large (Amudarya, Murghab, Tejen, Etrek) and small rivers, springs and kariz, as well as fresh groundwater reserves.

The Karakum River, the largest hydraulic structure in the world (length 1,100 kilometers), plays an important role in meeting water needs. An artificial river created for irrigation provides water to the country's large industrial cities - Ashgabat, Mary. The largest changes in the development of the productive forces of Turkmenistan are associated with the transformative activities of this artificial river, connecting the Amudarya, Murgab, Tejen into a single water management system.

It should be noted that the waters of the Karakum River are ecologically clean. The country is carrying out measures on rational use of water resources, introducing new water-saving technologies, and also strengthening the material and technical base of the water management, thereby improving the provision of high-quality drinking water to settlements and irrigation water to irrigated lands. The Altyn

Asyr Turkmen Lake , created in the Karakum Desert, not only improves the reclamation condition of irrigated areas, but also makes it possible to accumulate water in the lake for its reuse.

The significance of the Turkmen Lake is multifaceted; in particular, its full implementation will have a beneficial effect on the environmental situation, not only in our country, but also in the Central Asian region. The functioning of this lake will prevent the discharge of polluted collector and drainage waters into the Amudarya. This will significantly improve the quality of river water used by the population in its lower reaches for drinking needs. Turkmenistan was the first country in the region to solve such a significant problem as maintaining water quality.





Mineral Resources

Turkmenistan has a significant potential of mineral resources. Reserves of many types of minerals not only satisfy the existing levels of production and processing, but also make it possible, by increasing production, to dynamically develop industries based on the use of mineral raw materials.

Turkmenistan is a country with unique potential hydrocarbon reserves. The total potential hydrocarbon resources of the country amount to 71.2 billion tons of equivalent fuel, of which 53 billion tons are in land, and 18.2 billion tons are in the Turkmen sector of the Caspian Sea.

Turkmenistan's status as one of the leading energy countries (4th place in the world in terms of proven gas reserves) was confirmed by Gaffney, Cline & Associates (UK), globally renowned consultancy company, based on results of

the audit. According to the data obtained, the Galkynysh and Yashlar gas fields together have reserves of 26.2 trillion cubic meters of gas. Taking into account the hydrocarbon resources recently discovered at the Garakel field, the total reserves are estimated to be 27.4 trillion cubic meters.

The richest hydrocarbon resources of the Caspian Sea are included in the world register of the largest oil and gas reserves. The potential resources of the Turkmen sector of the Caspian Sea, according to estimates by national and foreign experts, amount to about 12.1 billion tons of oil and 6.1 trillion cubic meters of gas.

Turkmenistan, in addition to hydrocarbon resources of global importance, is rich in a variety of solid minerals and hydromineral raw materials, including various mineral salts, iodine-bromine waters,





strontium, celestine (strontium raw materials), natural sulfur, bentonite and kaolinite clays, facing stones, carbonate, cement and glass raw materials, gypsum and other types.

Deposits of mineral salts are represented by table, potassium, sulfate and magnesium salts. Deposits of rock (Lebap velayat) and table (Balkan velayat) salts, which have significant volumes, are used as a raw material base for the production of food, feed and technical salts.

In western Turkmenistan, bentonite deposits are being developed, which are comparable in quality to the best world analogues and are distinguished by a wide variety of industrial applications, such as the production of porcelain, earthenware, electro-ceramics, and drilling fluids.

Turkmenistan occupies a leading position in Central Asia in terms of iodine-bromine industrial waters.

A practically inexhaustible source of valuable chemical raw materials is the Garabogazgol Bay. Buried brines and salt deposits of the bay are potential sources of reserves of sodium sulfate, potassium, magnesium, lithium, boron, rubidium, etc.

The country has a sufficient mineral resource base for the production of building materials - raw materials for production of the cement and glass, basalt fibers, limestone, dolomite, gypsum, anhydrite, clay (loam) for brick production, pebbles, gravel, sand and gravel, construction and silicate sand, argillite, building stone, etc.

On the territory of Turkmenistan there are deposits of kaolins used for the production of porcelain and earthenware.

Deposits of ornamental stones are represented by marble onyx (aragonite).

Numerous occurrences of various metals (iron, titanium and molybdenum, copper and aluminum, lead and zinc, precious metals, etc.) have been established within Turkmenistan and there are certain prospects for discovering their industrially significant deposits.

Currently, the Turkmen geological exploration expedition is conducting exploration and search for mineral deposits with the aim of industrial development of deposits and development of explored mineral resources, conducting their geo-economic assessment in market conditions.



2.2. Labor Resources

Turkmenistan is one of the countries with high natural population growth. This is facilitated by national traditions, political stability, and rising living standards of the population. Stable population growth rates guarantee a high increase in labor resources. In Turkmenistan, caring for people has been elevated to the rank of priority of state policy and issues of social protection; the growth of the well-being of the population is given top priority.

The country's priorities include ensuring the maximum possible employment of the population, improving the labor market management system, rationally using employee knowledge, skills, and abilities, creating opportunities for professional growth and advanced training of staff, and introducing safe working conditions.

One of the main directions of the country's economic progress is the development of small and medium-sized businesses and the creation of new jobs, especially in rural areas, in small and medium-sized cities, in which production facili-

ties, industrial and agro-industrial enterprises, and service organizations are being built everywhere. This, in turn, will significantly increase employment of the working population of Turkmenistan in all spheres of the economy. In 2023, 23.9% of the employed population worked in government agencies and enterprises, 76.1% - in non-state sectors. In the structure of the country's labor resources, the population of working age dominated with its share of 98.5% in 2023.

In the country, the salaries of employees of all institutions and organizations, regardless of their form of ownership, as well as pensions, state benefits, scholarships for students and attendees, are increased by 10% annually in the country, which contributes to the growth of real incomes of the population.

2.3. Economic Potential and Targets for its Development

A new stage in the socio-economic development of the country has begun in Turkmenistan, focused on large-scale reforms and diversification of economy



in accordance with the goals and objectives defined in strategic state programs: “Revival of the New Era of the Powerful State: National Program for the Socio-Economic Development of Turkmenistan in 2022 – 2052”, “Program of the President of Turkmenistan for the Socio-Economic Development of the country in 2022–2028” and “National Program of the President of Turkmenistan to transform the social and living conditions of the population of villages, towns, cities of etraps and etrap centers for the period until 2028”.

Among the urgent tasks for the medium and long term are the accelerated development of all sectors of the economy through the use of modern technology and the latest technologies, the creation of innovative production structures and the intensification of investment activities.

Today, Turkmenistan is one of the countries with a dynamically developing investment and industrial economy. External economic shocks and uncertainty in world markets dictate the need to develop certain measures to stimulate the

development of priority sectors of the economy, ensuring the sustainability and stability of the economic system and as well as rapid response to changes in world market conditions. The measures taken in the country to diversify all segments of the economy, intensify the import substitution policy, industrialization, introduce the latest technologies and innovations, create flexible infrastructure, and digitalization of the economy make it possible to maintain consistently high growth rates in sectors of the national economy.

In order to ensure the economic security of the country, large volumes of investments are seen in the oil and gas, construction, agro-industrial complexes, and the socio-cultural sphere, the development of which contributes to the growth of self-sufficiency of the economy and the efficiency of invested funds. Measures are being taken to further improve the investment climate for both foreign and domestic investors.

This is clearly evidenced by the growth rate of gross domestic product (GDP), which in 2023 amounted to



106.3%. It proves the effectiveness and timeliness of the measures implemented by the Government of Turkmenistan for the development of a resilient economic system that is able to withstand the difficulties prevailing in the global economy. The volume of commodity-producing industries in 2023 amounted to 50.6% of the country's total GDP.

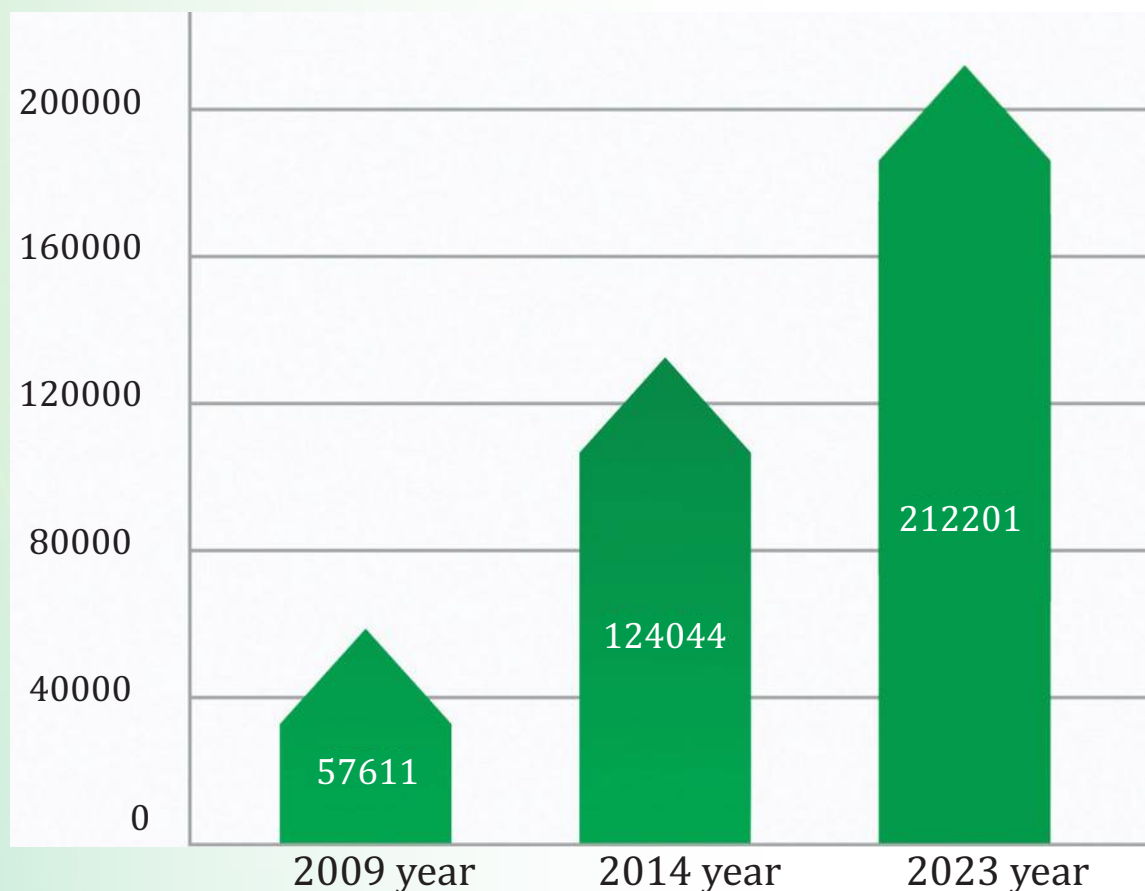
In terms of GDP growth rates, Turkmenistan is firmly among the most dynamically developing economies in

the world. According to authoritative international financial institutions, Turkmenistan has been classified as an upper-middle-income country.

The country has all the prerequisites for accelerated socio-economic development:

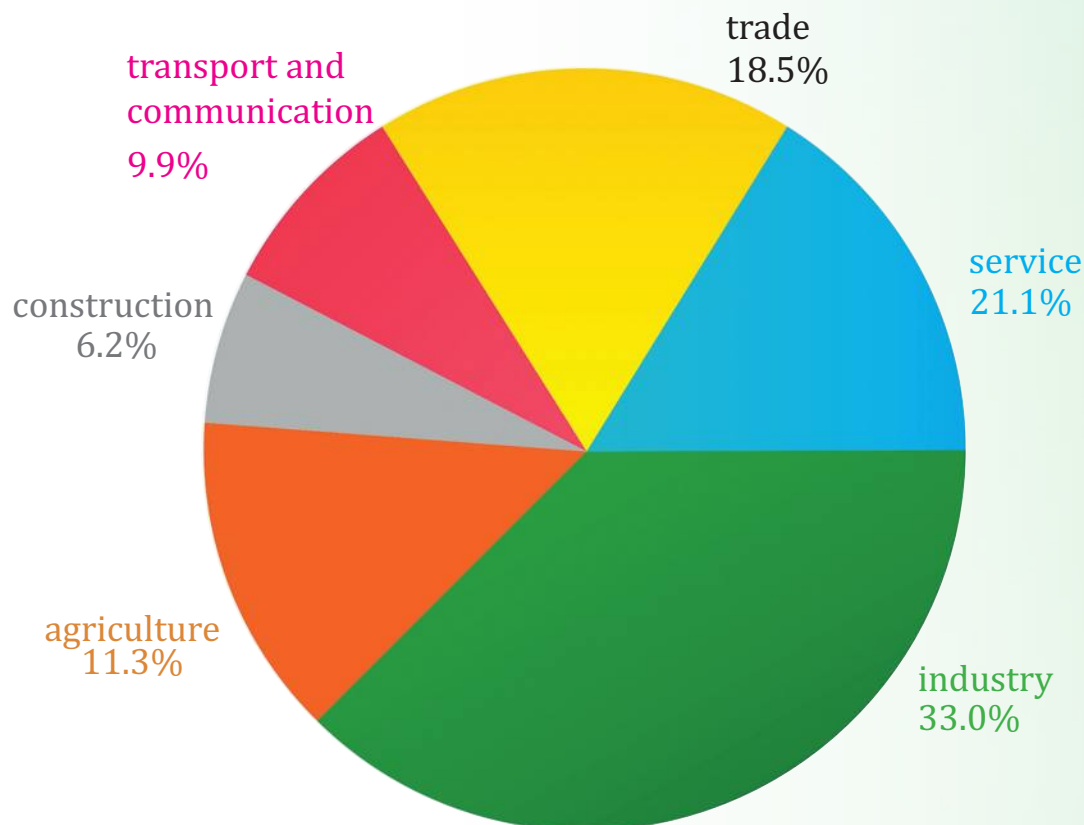
- large-scale hydrocarbon, mineral and other natural resources;
- significant financial resources;
- appropriate legal framework;
- political stability and prestige on the international stage;

Gross domestic product at current prices, million manat





Structure of gross domestic product of Turkmenistan in 2023, %



- significant potential of the economically active population, its high educational, scientific and intellectual potential;

- conditions for the progressive development of market institutions;

- dynamically emerging transport and communication system;

- technologically developed production potential;

- stability and balance of the budget;

- low level of inflation;

- transparent and long-term tariff policy of the state;

- stable exchange rate of the national currency;

- predictable monetary policy aimed at creating stable conditions conducive to a gradual and non-inflationary increase in the level of monetization of the economy.

The economic policy of Turkmenistan is focused on the innovative development of the country, the creation of powerful industrial potential, the strengthening and expansion of its industrial infrastructure. The priorities of Turkmenistan's



economic policy are the qualitative and phased formation of a highly efficient economy with a modern market infrastructure.

The main targets for the socio-economic development of the country are as follows:

- ensuring dynamic rates of economic growth;
- further strengthening of the geopolitical position of the country through the creation of transnational transport communications, free enterprise economic zones and international tourist zones, relevant economic and political institutions;
- radical diversification of the economy, increasing the share to economic growth of high-tech manufacturing industries, as well as environmentally friendly technologies;
- improvement of forms and methods of state property management;
- implementing a technological breakthrough through the priority development of science and education with the formation of a national innovation system, expanding the diversity of forms of ownership of scientific and educational

institutions, increasing the prestige and motivation of intellectual work;

- expanding the production facilities that produce products that are competitive on the world market;
- creation of the necessary economic and legal conditions for the development of the non-state sector of the economy;
- increasing the volume of export products;
- achieving rational employment of the population based on the creation of new jobs, including in the non-state sector of the economy, organizing systems for training and retraining of personnel;
- ensuring the steady growth of real incomes of the population, increasing wages as the main source of income for the population and the labor activity incentives of wage earners;
- further development of healthcare, education, science as the basis for achieving highly productive labor;
- increasing the level of social protection for those in need, based on strengthening the targeting of assistance, rationalizing the system of benefits, improving social services;



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– ensuring the environmental safety, creation of economic conditions and incentives for the production of environmentally friendly products.

2.4. Social Sphere

Social policy of Turkmenistan is aimed at ensuring a high level of well-being of the population, the effectiveness of the functioning of healthcare systems, education, culture, science, tourism, sports and other activities to ensure the sustainable development of the country. Social well-being and protection of the rights and interests of citizens serve as the main guidelines of the state strategy.

In addition, the priorities include the social protection of the citizen and further improvement of the situation of persons with disabilities, disabled people and other vulnerable groups. The country's policy in this area guarantees the necessary level of material support and services, which helps create conditions for the integration of these segments of the population into society.

Education

An effective national education system has been formed and is





functioning in Turkmenistan. The Constitution of Turkmenistan and the Law “On Education” guarantees the right of every citizen to compulsory free, equal and high-quality primary and secondary education.

Over the past years, education has been in the process of consistent reform, aimed at qualitatively updating the material and technical base of educational institutions and teaching methods, creating a high-tech educational environment, introducing information educational technologies, optimizing the network of institutions in this field, innovative development and expanding the market for educational services.

The main achievement in this sphere is the transfer of secondary schools to 12 years of education, and higher educational institutions

to 5 years (for medical specialties and certain types of art - 6 years of education), according to the Decree of the President of Turkmenistan “On improving the education system in Turkmenistan”, starting from the 2013-2014 academic year.

Reforms in the field of education also include a complete modernization of the educational environment and material and technical infrastructure. In all regions of the country, including in the most remote areas, new modern buildings for secondary schools and kindergartens, equipped with advanced educational and technical means, interactive multimedia technologies, and computers, have been put into operation and continue to be built. Currently, there are over 3,200 educational institutions in the country.

Taking into account the requirements of the time, the educational and practical base of secondary and higher educational institutions is being updated, training programs are being improved using digital resources (e-books, seminars and other information and communication technologies), as well as







TURKMENISTAN

INVESTMENT GUIDE TO

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appropriate methods (distance learning, etc.). In 2017, the Concept for the development of the digital education system in Turkmenistan was adopted, the goal of which is to improve the quality of educational services based on the digital platform and create conditions for lifelong education for all segments of the population.

Vocational education in Turkmenistan ensures the development of labor resources that are ready and able to work in the realities of the labor market, and satisfies the educational needs of the individual. In a number of universities, student education is carried out both on a budgetary and paid basis.

There are 45 institutions of secondary vocational education and 26 of higher vocational education in Turkmenistan, producing qualified mid-level and higher-level specialists in the fields of pedagogy, culture and art, medicine, finance and economics, trade, banking, transport, agriculture, tourism, oil and gas. and gas chemistry etc. At the beginning of the 2023/2024 academic year, are studying in institutions of the number of students receiving education in secondary vocational education

amounted to 26.7 thousand people and in institutions of higher vocational education - 75.5 thousand people.

The international cooperation of our country in the education has contributed to the expansion of the geography of foreign educational institutions, where Turkmen youth receive an education in accordance with the reached intergovernmental treaties. Currently, Turkmen boys and girls have the opportunity to study at prestigious universities in Russia, Belarus, China, Malaysia, Romania, Türkiye, and other countries.

Within the framework of international educational programs, the fruitful cooperation is being carried out between the higher educational institutions of Turkmenistan and the leading scientific and educational centers of the world, as well as profile international organizations.

In higher educational institutions of the country there are master's, postgraduate, doctoral and advanced training faculties.

In the State educational program, the training of scientific and pedagogical personnel is of important place.



Science

The scientific and technical potential of Turkmenistan is represented by scientific institutions, research institutes and research centers in higher educational institutions of the country.

In Turkmenistan, the special attention is paid to the development of cooperation with authoritative specialized international organizations and leading scientific centers in different countries.

The authorized state body in the framing and implementation of the state scientific and technical policy is the Academy of Sciences of Turkmenistan. It includes 5 research

institutions, International Science and Technology Park, Institute of History and Archeology, Institute of Chemistry, Institute of Language and Literature of National Manuscripts named after Magtymguly, Institute of Seismology and Atmospheric Physics. Along with the institutes of the Academy of Sciences, there are industry research institutes and institutions in the country.

The main activities of scientific institutions are:

- development of physico-chemical foundations for complex processing of mineral, hydromineral and hydrocarbon raw materials;
- preparation of industry scientific, technical and innovative developments and holding of research, including in the field of use of renewable energy sources;
- holding of scientific and practical research in the field of studying the seismicity of the territory of Turkmenistan;
- studying local and foreign flora, researching the genetics, physiology and biochemistry of plants, conducting fundamental and applied research in the field of protection and their rational use;
- selection and breeding work with horned cattle and small cattle livestock;





- research in the field of creation and use of medicines based on natural plant, mineral and other resources;
- studying the linguistics of the Turkmen language and Turkmen literature, compiling multidisciplinary dictionaries;
- studying the history, culture and ethnography of Turkmenistan;
- study of handwritten sources of Turkmen history, language and folk art, textual studies of oriental manuscripts.

The International Science and Technology Park of the Academy of Sciences and other institutions are fruitfully working on research in a variety of areas. The issues related to the introduction of innovations in the fuel and energy complex, energy resources saving, development of alternative energy sources, and efficient use of hydrocarbon deposits are being successfully resolved.

Particular attention is paid to the interaction of academic and university science, personnel training and production systems, as well as the adaptation of scientific institutions to market conditions.

A modern scientific and educational sphere has been formed in the country, and ample

opportunities have been created for mastering advanced achievements of science and technology.

In Turkmenistan, reforms in the field of science have been carried out to involve students in research activities that form thinking, creative initiative, systematic theoretical knowledge and practical skills. The institutes of the Academy of Sciences were transferred to the jurisdiction of higher educational institutions, in particular, the Institute of Animal Husbandry and Veterinary Medicine - to the Turkmen Agricultural University, the Institute of Solar Energy - to the State Energy Institute, the Institute of General and Applied Biology - to the University of Engineering and Technology named after Oguzhan.

Health

The comprehensive development of the healthcare system and strengthening the health of citizens is one of the strategic objectives of state policy.

Turkmenistan is in a leading position among the states implementing immunoprophylaxis measures, in particular, in terms of the level of vaccine supply and



immunization of the population. In Turkmenistan, vaccination is free of charge.

The country continues to successfully implement the State Program “Saglyk” (Health) aimed to form its own model of the public health system, which includes measures for the prevention and treatment of diseases, improving the quality of medical services, promoting a healthy lifestyle, increasing the level of physical education, involving the population to physical education and sports, etc.

In all regions of the country, in recent years, ultra-modern clinics and scientific and clinical centers have been built and continue to be built, various medical and sanatorium-resort institutions are being reconstructed, which are not inferior in their equipment and range of services to world analogues, active interaction has been established with leading medical and scientific-research institutions around the world.

By gradually implementing the “Saglyk” program, implementing











a strategy to reduce the level of morbidity among the population, Turkmenistan has completely or partially gotten rid of many types of diseases.

In the field of healthcare, Turkmenistan has been awarded awards and certificates from international organizations, including:

- International Certificate of the World Health Organization “Territory free from dracunculiasis”;

- International Certificate of cessation of circulation of wild poliovirus in the territory, which indicated the complete eradication of polio;

- International Certificate of Achievement of Universal Salt Iodization for the Sustainable Elimination of Iodine Deficiency Disorders in Turkmenistan, awarded by UNICEF, the World Health Organization and the International Council for the Control of Iodine Deficiency Diseases;

- International Certificate of the World Health Organization, indicating the complete elimination of malaria in Turkmenistan;

- Award to Turkmenistan for leadership in flour fortification;

- Commemorative Medal and Certificate of Appreciation from the World Health Organization for its

enormous contribution to the fight against tobacco smoking;

- International certificate of the World Health Organization for the elimination of measles and rubella.

An integral part of the healthcare system is the implementation of program goals for the protection of motherhood and childhood. The widespread creation of highly equipped medical centers for Maternal and Child health care “Ene Mahri”, the successful implementation of the national program on breastfeeding and the fight against anemia were highly appreciated by major international organizations.

Gurbanguly Berdimuhamedov Charitable Foundation for Aid to Children in Need of Guardianship also takes an active part in the field of motherhood and childhood. All this is a confirmation of the success of the reform of the national health system, as well as evidence of an increase in the standard of living and well-being of Turkmen citizens.

The healthcare system pays great attention to sanatorium and resort treatment. There are resorts and health resorts in the country: “Bagabat”, “Archman”, “Yyly Suv”, “Mollakara”, “Farap”, “Dashoguz”, “Berzengi”, Bayramaly sanatorium for the treatment of cardiovascular



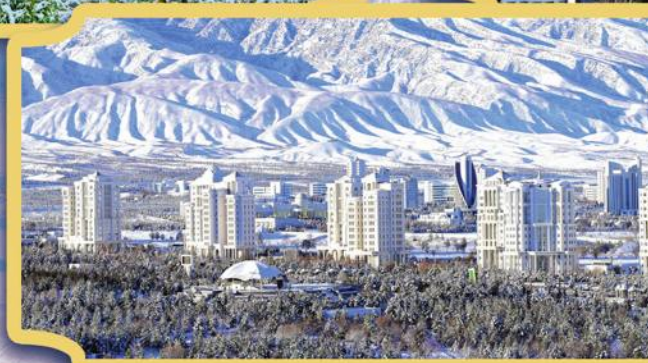
diseases and kidney diseases. In the Avaza National Tourist Zone, health centers have been built to provide the population with recreational and other high-quality resort and sanatorium services. All health resorts are equipped with the most modern medical equipment, all conditions for treatment and recreation of patients are created at the level of international standards.

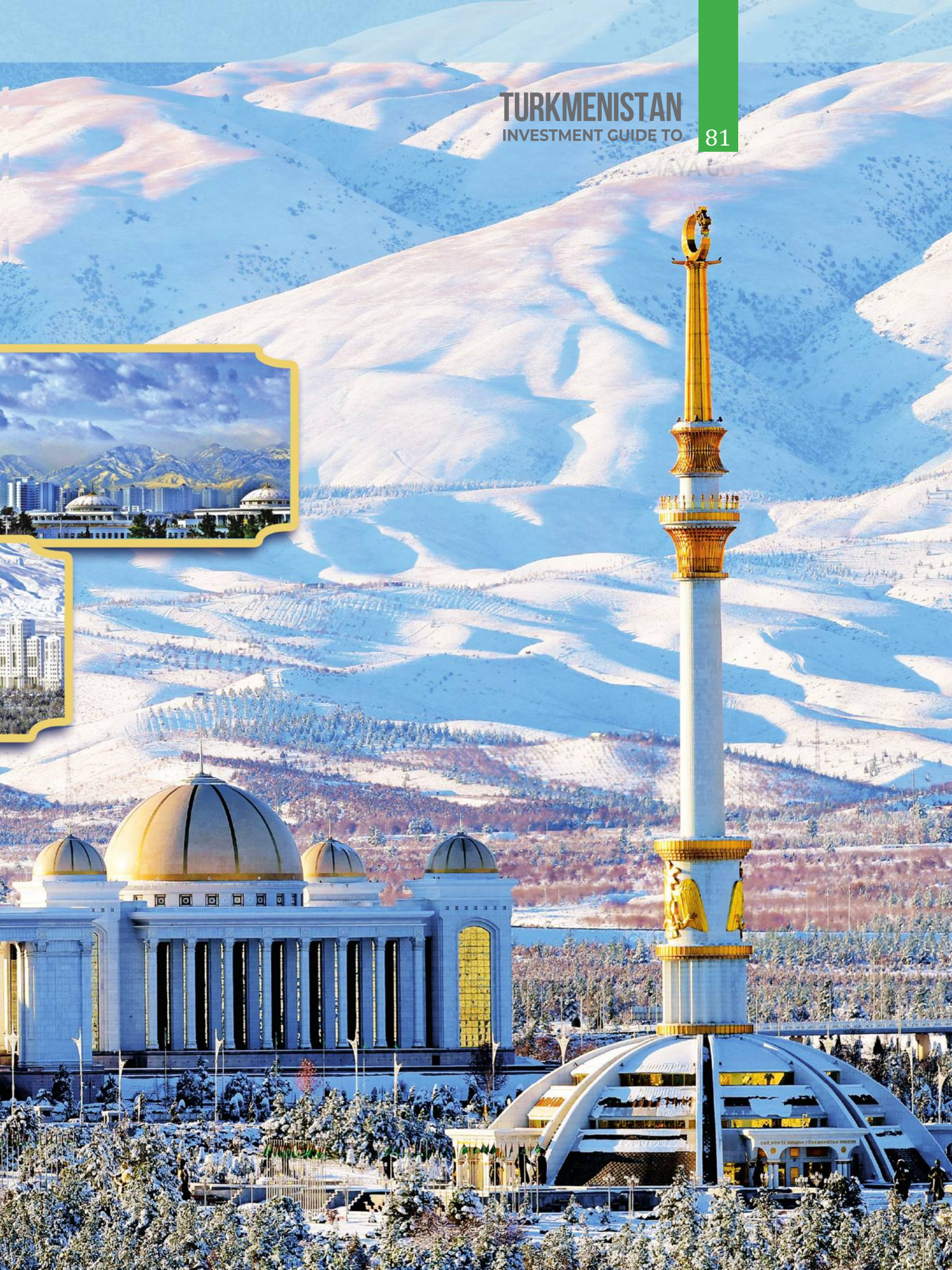
Turkmenistan is consistently strengthening multilateral interaction with countries of the world and leading international structures in the field of healthcare. Contacts are being intensified to exchange experiences through telemedicine and teleconferences, as well as to introduce advanced techniques into

medical practice. Turkmenistan actively cooperates with specialized structures of the United Nations, including the WHO, and offers new vectors of partnership in the field of medicine and scientific diplomacy.

Training of highly qualified personnel is one of the main goals of the development of the healthcare system. The system of training and education of medical personnel and advanced training is being improved, both on the basis of our own medical educational institutions and via the training of students abroad. In recent years, many Turkmen doctors have received training and professional internships in the largest medical centers in various countries.









Culture

Currently, there are 38 state museums in the country, located both in the capital and in all velayats. It includes the State Museum of the State Cultural Center of Turkmenistan, which houses the Museum of the President of Turkmenistan, the Museum of History and Ethnography, as well as branches of the museum “Garashsyzyk”, “Galkynysh” and “Bitaraplyk”. In the capital there is the Museum of Fine Arts of Turkmenistan named after Saparmyrat Turkmenbashi the Great, the National Museum of

the Turkmen Carpet, the National Museum of Wildlife, the National Museum “Gokdepe”, the National Museum of Turkmenistan “Ak Bugday”, and others.

Museums of Turkmenistan are distinguished by the originality of their exhibitions; their modern buildings fit harmoniously into the architectural ensembles of the cities.

In all velayat centers, magnificent modern buildings of Historical and Local History Museums have been erected. The design of the buildings of each museum was developed based on the architectural solutions



of the unique historical monuments located on the territory of a particular velayat.

Much attention is paid to librarianship in the country. A network of new, publicly accessible public libraries is being created in etraps, cities and villages. Currently, modern velayat library buildings were built in all velayat centers; they are distinguished by original architectural solutions and have innovative technical means for library

services, and are also equipped with electronic catalogs and e-books.

With the support of the state, theatrical art has also received worthy development in Turkmenistan. Today, a new dramaturgy is being formed, reflecting both the heroic past of the Turkmen people and the spirit of the modern era. The newly constructed theater buildings fit perfectly into the architectural ensemble of the capital and velayat centers.





Sport

The development of physical culture and sports in the country is one of the priorities of state policy. The country has developed a modern infrastructure that helps strengthen the health of the nation and raise a physically strong and spiritually rich young generation. In recent years, sports complexes that meet international standards have been built and put into operation: Ice Palace, Aquatics Center, Winter Sports Palace, sports boarding school for training young Olympians, Ashgabat stadium. In all velayats, there are stadiums, gyms, swimming pools and numerous open sports grounds, sports schools and sports facilities that meet modern requirements are being built.

In the "Avaza" National Tourist Zone, located on the coast of the Caspian Sea, modern sports grounds and arenas have been built and put into operation.

Having modern sports complexes that meet international standards Ashgabat became a center for prestigious international and regional competitions in various sports. The capital of Turkmenistan annually hosts international tournaments in football, hockey, sambo and other sports. The largest complex



of sports facilities in Central Asia, the "Olympic Village", was built in Ashgabat, where the V Asian Indoor and Martial Arts Games were held in 2017, and the World Weightlifting Championships took place in 2018 as well as the 14th Kurash Wrestling World Championship was held in November 2023.

More attention is paid to the study and revival of traditional national



types of games and competitions, giving them the form of sports competitions. Such national sports as “Goresh”, “Duzzum”, “Yaglyga tovusmak” and a number of others received their further development and improvement.

At the same time, it should be noted that the World Health Day is included in the register of public holidays.

A clear confirmation of our country's commitment to the international sports movement and universal principles of a healthy lifestyle was the unanimous adoption on April 12, 2018, within the framework of the 72nd session of the UN General Assembly, at the initiative of Turkmenistan, of a Resolution declaring June 3 as World Bicycle Day. In this context, it should be noted that mass bike rides are held in the country to enhance the physical, spiritual and moral health of the nation.







Tourism and Recreation Industry

Tourism in Turkmenistan is one of the sectors of the economy that has been developing rapidly in recent years. From time immemorial, many caravan routes have run through the territory of Turkmenistan, serving as roads of trade and cultural cooperation between the peoples of the East and the West. Today, the Great Silk Road is one of the popular tourist destinations in Central Asia. The original culture of the Turkmen people, rooted in millennia, various natural landscapes, historical and archaeological attractions,

arouses great interest all over the world, creates unique prerequisites for the development of sanatorium-resort recreation, environmental, archaeological, ethnographic, and sports tourism.

To organize tourism, there is a whole network of related services, which consists of comfortable hotels, catering establishments, personal services and other facilities that meet the requirements of international standards.

Currently, the Avaza National Tourist Zone has been built on the shores of the Caspian Sea. Today,



there are fashionable hotels and wonderful health resorts here, which provide all the conditions for relaxation and improving people's health. Park and entertainment complexes, boarding houses, health centers, children's health centers, and large sports facilities are open.

Among the most favorite routes of tourists is a unique natural monument – the Baharden karst cave of Kovata, formed as a result of carbonate deposits over millions of years. It is located in the Kopetdag mountains, 90 km west of Ashgabat. The total length of the cave is 230 m, depth from

the main entrance is 65 m, width is 50 m, height is from 15 to 26 m. Most of the cave territory is occupied by a lake, known for its healing properties. Its length is 72 m, width – 30 m, average depth – 10 m. The water temperature of the lake remains unchanged throughout the year – from +33 to +37.5°C, the composition of the water, saturated with hydrogen sulfide, contains a large number of different chemical elements.

There are many interesting natural monuments in the southeastern part of Turkmenistan, on the right bank of the Amudarya



in Koytendag, which is a spur of the mighty Gissar ridge, part of the Pamir-Altai mountain system. The Koytendag Mountains are famous as the most ancient and here, in addition to sandstone and limestone, rocks of the Jurassic period appear on the surface. In the Koytendag mountains there are several unique natural sites, including the magnificent, winding Umbar-dere canyon with a waterfall at a height of 28 m, the Kainar-Baba sulfur-hydrogen thermal spring, the Kyrk-gyz gorge, the Unabi grove, and the karst freshwater lake Koyten.

The Dinosaur Plateau (length – 500 m, width – 200 m) near the village of Hojapil-ata with more than 2,500 paw prints of ancient dinosaurs (Upper Jurassic period, about 150

million years ago), both herbivorous iguanodonts and predators is of particular interest. The diameter of large adult tracks is 70-80 cm, the step length is 1.5 m. According to this data, apparently, the height of dinosaurs was 8-12 m, the body length was up to 5 m, and the weight was in the range of 5-10 tons.

The most unusual nature sight of Koytendag is the famous karst Karlyuk caves, in which, according to legend, onyx was mined for the tomb of Tamerlane. The Cap Cotan cave is a gallery of halls decorated with stalactites and stalagmites formed from gypsum, calcite, onyx, and argonites. One of the most beautiful caves in the world is the Gulshirin cave with its famous Fairy Tale Hall.





The Karlyuk caves are recognized as a unique natural phenomenon in the world due to the fact that they contain an exceptional diversity of minerals of various forms.

One of the amazing natural attractions in Turkmenistan is the Yangi-Kala Canyons, located in the North-West in Balkan velayat, 160 km east of Turkmenbashi city. Translated from the Turkmen language, Yangi-

kala means “fire fortresses”. The canyons received this name because of the predominant red color of the rocks that make up the mountain ranges and cliffs. Sheer cliffs of white, yellow, ocher, purple and red colors, intricately carved by winds and rains, are very similar to stone castles. The canyons are especially beautiful at sunset, when everything around is painted fiery red.



2.5. Industrial Sector

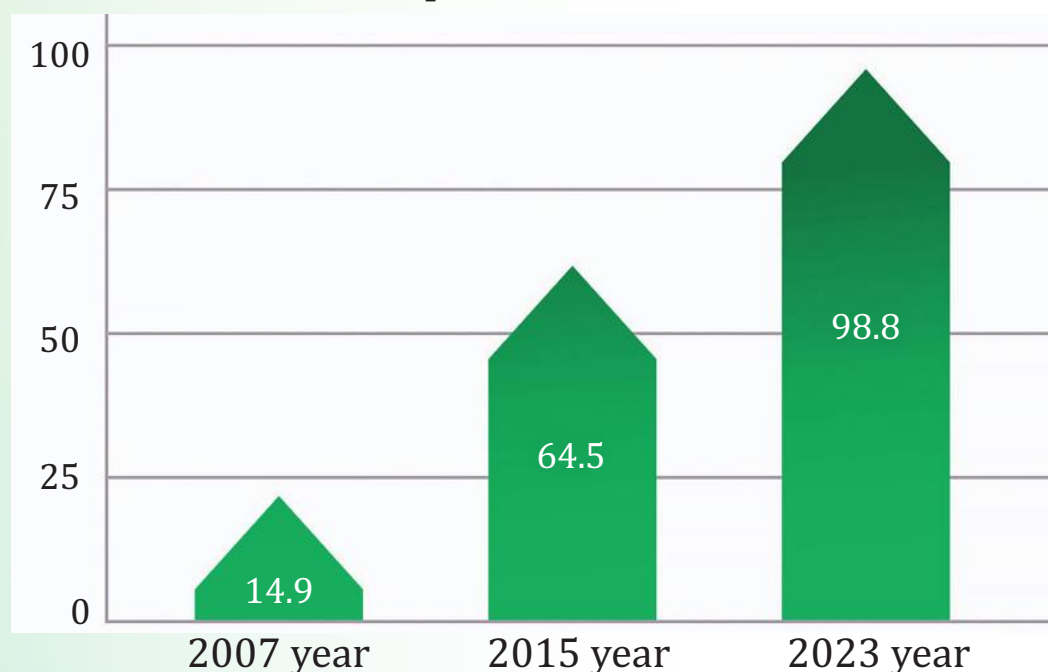
Industry is a key sector of the national economy and plays a vital role in the sustainable socio-economic development of the country. Today, the industry of Turkmenistan is a diversified complex, which is mainly formed on the basis of the extraction and processing of various types of hydrocarbon mineral resources, as well as the processing of food and non-food agricultural raw materials.

Currently, the industrial sector continues to implement large-scale programs aimed at diversifying its industries and increasing the competitiveness of industrial products, introducing advanced high-

tech technologies, building new and modernizing existing enterprises, maintaining investment and innovation activity. The country has created a solid foundation for the further development of industrial sectors and ensuring their dynamic growth.

In the sectoral structure of industrial production, the oil and gas complex, which includes gas production and gas processing, oil production and oil refining industries, has the largest share. The branches of the oil and gas complex serve as a key factor for the formation of the export potential and state budget of Turkmenistan. The main items of the country's export income are

Industrial products, billion manats





represented by natural gas, oil, as well as oil and gas processing products, such as liquefied gas, polypropylene, aviation fuel, gasoline of various brands, base oils etc.

Currently, in the oil and gas sector, activities continue to build important production facilities, and the main emphasis is on deep industrial processing of hydrocarbon raw materials, the introduction of new innovative technologies, and an increase in the production of high-quality products that are competitive in the global energy market.

Gas industry – a branch of the economy that has a special role in maximizing the use of the huge potential of the country's oil and gas complex. Turkmenistan consistently and confidently continues to implement its energy strategy aimed at the large-scale development of the domestic fuel and energy complex and its dynamic integration into the international energy system, including through increasing the volumes and growth rates of extraction, production, processing and exports, as well as diversifying export supply routes natural gas.



Turkmenistan stands for the formation of a coordinated and multi-variant system of energy supplies to world markets. Thanks to its advantageous geopolitical position, dynamic development of the national economy, rich hydrocarbon deposits, and also being one of the leading players in the global energy market, in recent years our country has known at the international level as a reliable and promising partner.

In a historically short period of time, a number of large-scale projects were initiated and implement-

ed, including through attracted foreign investments, many of which are important not only for further unlocking the economic potential of the oil and gas complex of our state, but also play a huge role in strengthening global energy security.

The export infrastructure makes it possible to ensure the supply of energy resources, which account for more than half of the gas produced in the country through gas pipelines in the northern, eastern and southern directions.

Having the entire resource base necessary to meet the needs





of the Eastern European market, supplies of Turkmen natural gas to the west, providing for the creation of a joint multi-variant pipeline infrastructure, are considered as one of the priorities. One of these important infrastructure projects that can make an invaluable contribution to the energy security of European countries is the Trans-Caspian gas pipeline project. Turkmenistan is ready for mutually beneficial cooperation in this direction with the European Union and with all interested parties on a long-term basis.

As part of the development of the country's gas transportation system and the development of new export routes for transporting Turkmen natural gas, in 2015 the construction and commissioning of the internal East-West gas pipeline with a length of about 800 kilometers and a design capacity of 30 billion cubic meters of

gas per year was completed, which allows reverse supplies of gas from large fields in the Eastern region of Turkmenistan to the coast of the Caspian Sea, as well as gas produced on the shelf of the Turkmen sector of the Caspian Sea to the east of the country.

In addition, work is underway to implement one of the important projects – construction of the transnational Turkmenistan – Afghanistan – Pakistan – India (TAPI) gas pipeline with a total length of more than 1,800 km and a design capacity of 33 billion cubic meters of gas per year.

The energy strategy is aimed at the industrial development of the country, with an innovative economy in which production is high-tech and environmentally friendly.

Currently, the priority task of Turkmenistan's industrial policy is the creation of new and expansion







of existing natural gas processing facilities, and the improvement of gas chemical production.

Due to the ongoing active work on the development and research of new directions in gas chemistry, Turkmenistan will significantly expand its position not only in the market of primary energy resources, such as natural gas and crude oil, but also take its rightful place in the even more profitable market of expensive gas and chemical products.

The further development of the gas processing industry is one of the key factors in the further growth of the economy of Turkmenistan, increasing its technological safety,

expanding and diversifying sales markets, and stimulating almost all sectors of the national economy. It refers to the complex processing of liquefied hydrocarbon gases, which ensures the production of a variety of advanced chemical products with high added value and high export potential – polymer materials, synthetic fibers, large-tonnage organic products, synthetic detergents, surfactants and other important chemical products.

The commissioning of the following large investment gas chemical facilities was a significant step in this direction:

- Kiyanli Polymer Plant worth more than 3.4 billion US dollars, the





construction project of which was implemented by the Turkmengas State Concern jointly with the Hyundai Engineering Co. and LG International (Republic of Korea), as well as the TOYO Engineering Corp. (Japan) and commissioned in October 2018. The gas chemical complex is designed to process 5 billion cubic meters of natural gas to produce 386 thousand tons of polyethylene and 81 thousand tons of polypropylene per year.

– Ahal plant for the production of gasoline from natural gas worth 1.7 billion US dollars, the construction project of which was implemented by the Turkmengaz State Concern jointly with the Kawasaki Heavy

Industries Ltd. (Japan) and the Rönesans Endüstri Tesisleri İnşaat Sanayi ve Ticaret A.Ş. (Türkiye) and commissioned in June 2019. This is the world's first large industrial facility with a production capacity of 600 thousand tons of environmentally friendly gasoline of the ECO-93 brand, meeting the EURO-5 standard based on the processing of 1 billion 785 million cubic meters of natural gas per year.

The commissioning of new industrial giants in the field of deep processing of natural gas, implemented on the basis of foreign direct investment with the condition of production sharing in accordance









with the Law of Turkmenistan “On Hydrocarbon Resources”, will give a powerful impetus to the economic and social development of not only Turkmenistan, but also the region as a whole. New production facilities will ensure both domestic market and expand the range of goods exported.

The Oil Industry continues to implement projects to increase oil production volumes with the introduction of advanced and innovative technologies, develop oil fields, and modernize the production infrastructure of oil fields. Along with the increase in the volume of drilling work, the scale of construction of exploration and production wells is significantly increasing.

In the **Oil Refining Industry**, represented by the Turkmenbashi Complex of Oil Refineries (TCOR) and the Seydi Oil Refinery of the Turkmennebit State Concern, significant results have been achieved in increasing production volumes, expanding the range and improving the quality of products that meet international standards.

The implementation of innovative production projects and transport infrastructure facilities continues at TCOR. A set of measures has

been developed to further increase the capacity of the Turkmenbashi complex of oil refineries and the Seydi Oil Refinery. These include the construction of diesel fuel hydrotreating units, catalytic isodewaxing, fuel oil catalytic cracking, secondary gasoline hydrotreating, hydrogen production and others.

The commissioning of installations for vacuum distillation of fuel oil, alkylation and isomerization of light olefins and blending of gasoline and polypropylene at the Turkmenistan Oil Refinery Plant today makes it possible to produce new types of competitive products.

One of the promising directions for the development of the industry is the creation of large production facilities for the production of polymers, which are the main component for the production of hundreds of types of products used in industry, construction, transport, agriculture, as well as a wide range of household goods.

The Electric Power Complex of Turkmenistan is a basic segment of the industry and plays an important role in the development of the entire economy of the country. The industry is implementing large-scale projects aimed at further



modernizing existing gas turbine power plants and constructing new ones, laying new power lines, constructing dozens of distribution power substations, and updating

the energy supply and lighting systems for cities and towns across the country.

Modern energy generating capacities fully satisfy the electricity



needs of the real and social sectors of Turkmenistan, and in this regard, their active expansion is associated not only with the long-term development of the country's productive forces, but also with the strategy for developing new foreign markets.

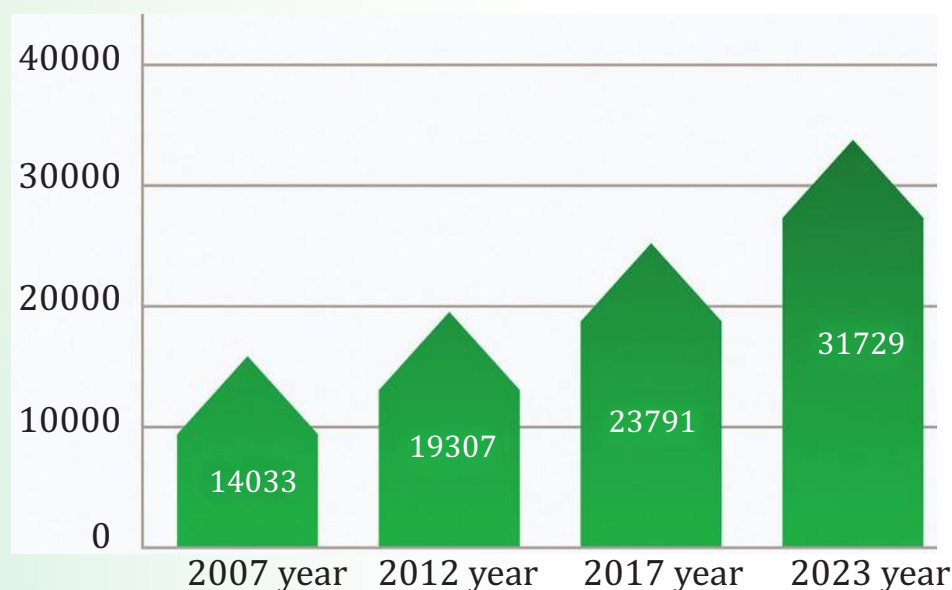
In recent years, the industry infrastructure has been supplemented with new gas turbine power plants. In Charjou etrap (district) of Lebap velayat (region), the Lebap hydroelectric power station with a capacity of 149.2 MW was commissioned. In 2021, 3 additional gas turbine units with a total capacity of 432 MW were put into operation on the territory of the

same station. In the same velayat (region), the Vatan State Power Plant with a capacity of 254 MW was put into operation.

The existing Mary HPP has been expanded with new capacity of 146.7 MW, and our country's first combined cycle power plant with a capacity of 1574 MW has been commissioned on the territory of the Mary HPP.

In order to improve the energy supply of the capital in Ahal velayat (region), 5 gas turbine units with a total capacity of 393.9 MW were installed at the existing Ahal power plant, which increased the total capacity of the power plant to 648.1 MW. A new Derveze power plant with a

Electricity production by power plants of the Turkmenenergo State Energy Company, million kWh.





capacity of 504.4 MW was built in the same velayat (region).

To ensure uninterrupted and reliable energy supply to domestic consumers via existing electricity export routes, measures are being taken for modern prevention and rapid repair of existing gas turbine facilities, which of a significant potential in the country's energy generating capacity. In this regard, a modern Center for repair and maintenance of power equipment was built in Byuzmeyin etrap (district) of Ashgabat city, which made it possible to quickly carry out

maintenance and repair of equipment by highly qualified specialists of our country.

The project implemented in several stages to create a unified circular energy system of the country, including the laying of power lines along the "Ahal-Balkan", "Mary-Ahal" and "Balkan-Dashoguz" routes, will ensure uninterrupted power supply to domestic consumers, as well as increase the volume of exported electricity.

At the same time, in January 2021, the Kerki (Turkmenistan) – Shibirgan (Afghanistan) power



transmission line was put into operation, and in September of the same year, the construction of the first stage (to the border of Turkmenistan with Afghanistan) of the Turkmenistan – Afghanistan – Pakistan power transmission line was completed.

Today, **the chemical industry of Turkmenistan**, which is one of the most dynamically developing sectors of the national economy is of special attention. In the last 5 years, large chemical facilities have been commissioned in the country, such as the Garabogazkarbamid Plant, the Kiyarly Polymer Production Plant, and the Natural Gas to Gasoline Production Plant in Ovadandepi.

It should be noted that the development strategy of the chemical industry is primarily focused on the maximum use of domestic raw materials.

Possessing the world's highest proven reserves of natural gas, Turkmenistan is actively developing the international cooperation, in particular in the energy sector, based on equal access of partners to sources of Turkmen hydrocarbons and means of their delivery.

In this regard, a strategically important task has been set for the chemical industry staff to use more completely and effectively the hydrocarbon resources in the interests of the people. Its solution

Production of mineral fertilizers, thousand tons





will require the construction of new facilities for deep processing of natural gas based on the most modern technologies, allowing the production of a variety of high-quality products that are widely in demand both in the domestic and foreign markets.

In the near future, the Program of the Turkmenhimiya State Concern provides for the construction of a number of promising investment projects for the construction of additional workshops and new chemical enterprises for the production of technical iodine,

bromine and its derivatives, chlorine and its derivatives, urea, caustic soda, ammonium nitrate, hexene, isobutane and other products. During the construction of these enterprises, it is planned to use the most modern technologies that meet the international standards.

In this regard, much attention is paid to low-carbon technological processes with minimal levels of carbon dioxide emissions into the atmosphere. One of these technologies is the technology for the production of so-called blue ammonia, which provides for







the almost complete capture of carbon dioxide released during the production process.

Another promising direction for the development of the chemical industry is also the production of hydrogen. Currently, developed countries are gradually abandoning fossil fuels. It should be replaced by environmentally friendly energy sources. Hydrogen becomes such an alternative.

In this regard, relevant work is currently being carried out in Turkmenistan to draft a national strategy for the development of

hydrogen energy. Practical steps are being taken to implement the Roadmap for the development of international cooperation of Turkmenistan in the field of hydrogen energy for 2022–2023 approved by the Decree of the President of Turkmenistan.

In addition to large reserves of natural gas, Turkmenistan also has significant reserves of solid minerals, including potash ores. On the territory of Turkmenistan there are a number of promising deposits with manifestations of potassium salts. Taking into account the assessment



of potash ore, the total reserves of which, according to preliminary data, is more than 2 billion tons, and the level of their exploration, the following three deposits Garlyk, Karabil and Tyubegatan are of greatest interest for development. All of them are located in the South-East of the country in Lebap velayat (region).

In addition, Turkmenistan occupies one of the leading places in the world in terms of reserves of hydromineral raw materials. The country is rich in deposits of intercrystalline and surface salts of the Garabogazgol Bay, underground iodine-bromine waters.

The widespread use of iodine in the production of medicines,

electronics and other consumer goods helps to increase markets for chemical products.

The development program of the Turkmenhimiya State Concern in the near future provides for the construction of 3 separately located plants for the production of iodine, bromine and their derivatives with a total production capacity of:

- iodine – 750 tons per year;
- bromine – 9,850 tons per year;
- iodine and bromine derivatives

will be determined by project, in accordance with marketing research of world markets, conducted jointly with project applicants.

Garabogazgol Bay is the largest deposit of sodium sulfate and other useful minerals. The mineral









wealth of the bay is a practically inexhaustible source of raw materials for the production of a whole range of magnesium, sodium salts, bromine, boron and lithium compounds.

The construction materials industry demonstrates great development potential. The share of industry in the structure of industrial production has increased significantly in recent years, and the production of basic building materials has been significantly increasing. A number of new enterprises have appeared in the industry - metallurgical and aerated concrete

plants in Ovadandep, cement plants in Ahal, Balkan and Lebap velayats. Today, the opportunity has been created to fully supply the country's construction industry with high-quality cement of its own production, and its export supplies are also being established.

Along with traditional types of building materials, such as cement, non-metallic materials, expanded clay, wall materials, aerated concrete and others, the range of products is expanding due to new innovative types. One of the areas of import substitution and production of export-oriented ma-





materials is the production of glass products.

An important practical step in this direction was the commissioning in 2018 of the Türkmen aýna önümleri glass plant in Ovadandep, Geoktepe etrap, Ahal velayat one of the largest in Central Asia. The plant uses advanced float technology in glass production. All manufactured products of the enterprise meet high international quality standards.

A new industry for our economy – **the electronics industry and the instrument making sector** – has a huge import-substituting effect. In the production of electronic and electrical goods, domestic entrepreneurs play a large role, focusing mainly on the use of local raw materials and advanced technologies. Today, the industry has launched the production of LED lamps, educational computers for schoolchildren and netbooks, Tolkun and Zemin new smart TVs with a diagonal of 32, 42 and 55 inches, TVs with a diagonal of 65 inches and other electrical equipment for the household needs of the population. Turkmenistan also launched mass production of electronic equipment – cell phones with two SIM cards, smartphones (smart phones), va-

rious types of monoblocks, split air conditioners, Internet network distributors – routers, as well as coolers designed for cooling and heating drinking water.

The comprehensive development of the textile industry, which has the high-tech potential of enterprises located in all regions of the country and practically inexhaustible raw materials, is also aimed at solving strategic problems of import substitution and increasing export-oriented goods.

The textile industry of Turkmenistan is the most important sector of industrial production with great potential for a diversified production complex and rich labor traditions.

In all regions of the country the textile complexes, cotton spinning,





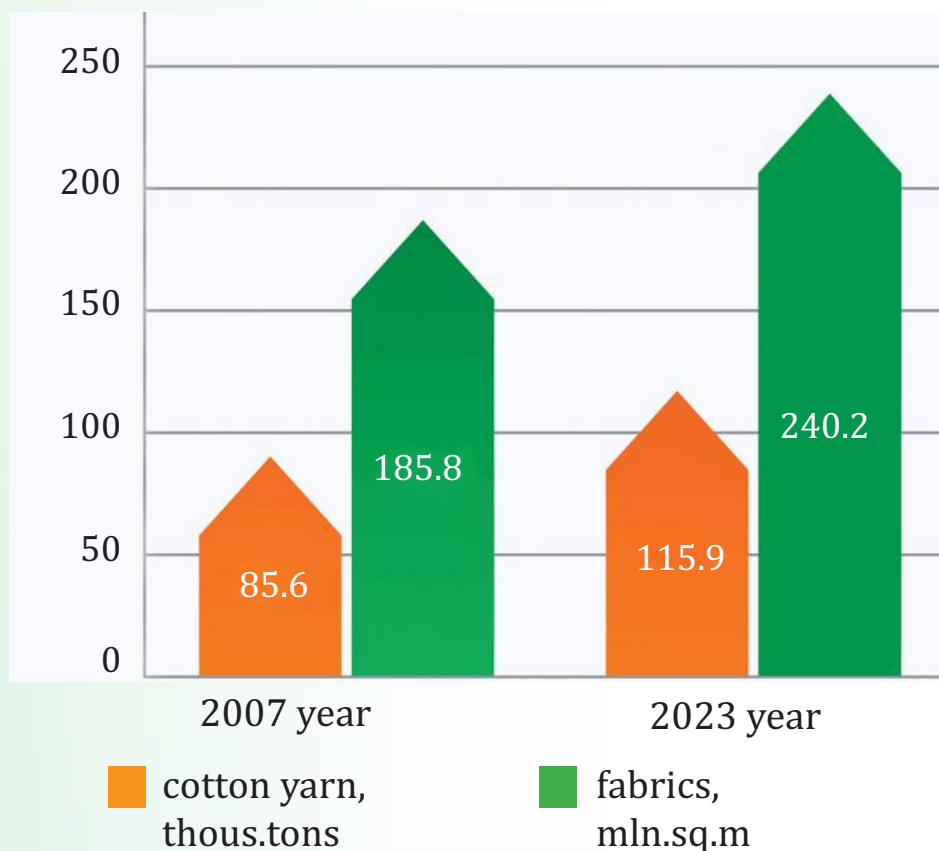
weaving, clothing factories and other enterprises have been built and put into operation, which has made it possible to saturate the domestic market in textile products and create a sufficient export resource.

Over the years of Independence, over 30 investment projects have been implemented in the industry. The newly commissioned enterprises have installed technological equipment produced by well-known companies in Japan and European countries. Among them are Rieter, Benninger (Switzerland),

Trützschler, Schlafhorst, Zinser, Monforst, Küsters (Germany), Marzoli, Mario Crosta, Reggiani, Arioli, Savio (Italy), Tsudakoma, Juki, Muratek (Japan), Pikanol (Belgium) and others.

Today, the industry includes over 60 enterprises producing cotton yarn, denim, staples, knitted and textile products, hosiery and other types of products. Turkmen textiles are exported to consumers in many countries around the world, including the CIS countries, Europe, and Asia. The role of trading houses abroad is significantly increasing, which helps to increase sales

Production of cotton yarn and fabrics











and promote textile goods in the world.

With the participation of foreign companies, 13 joint ventures were put into operation, which produced products that meet the latest international quality, management and marketing standards.

Attracting foreign investment, introduction of new production facilities and expanding existing facilities will contribute to further development of the textile industry. Today, active work is underway to expand the export of finished products. Taking into account the demand in the market, the types of sewing and knitwear products have been updated.

In order to ensure the further growth and development of the textile industry of Turkmenistan, large-scale cooperation has been established and continues with foreign companies and international financial institutions.

Along with the introduction of the latest technologies, the industry pays considerable attention to improving the quality and compliance of products with environmental safety requirements. The products of leading enterprises in the industry have received

international recognition and have been awarded ISO 9001, 9002 and 14001 certificates.

The country's **Food Industry** demonstrates good dynamics. Currently, to provide the population with necessary food products, enterprises of the food industry are being built in all regions. Food exports are also gradually growing – pasta and confectionery, vegetable oil and canned products. In recent years, there has been a significant activation in the industry of the country's private sector, which occupies a leading position in the production of basic food products.

2.6. Agriculture and Agro-Industrial Complex

Agriculture is one of the most important sectors of the economy of Turkmenistan. The main types of agricultural crops are wheat, cotton, rice, fodder, vegetables, melons and fruits and berries.

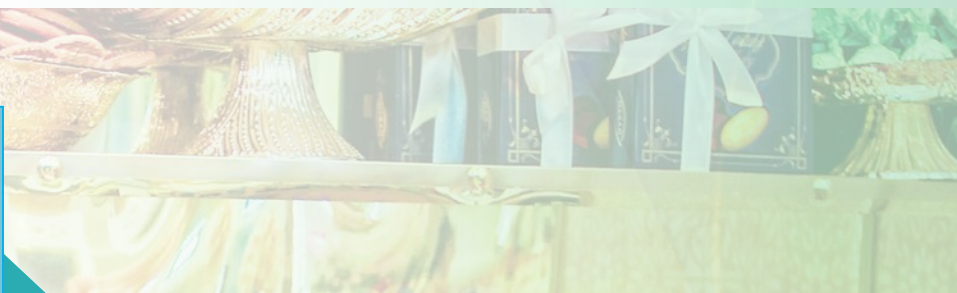
The main objectives of the country's Agro-Industrial complex (AIC) are to maximally satisfy the population's needs for food, provide the processing industry with raw materials, increase production effi-



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POEMA

SÜTLÜ ŞOKOLAD

YATDAN ÇYK

POE

YUNU

SÜTLÜ ŞO

LEZZETLİ

Todino
SPRINGA



MEL BAR WITH
NUT AND NOUGAT

ER

COATED
NOUGAT

TOWER

Baf

Mekgejöwenden Çiğir

BAGDAN

Ceviz Çiğir



BAGDAN
Mekgejöweden
tawajyklary
кукурузные палочки
Corn Sticks

Şekerli

Wafers

BAGDAN

СУХАРИКИ

esas

Сухарики
из картофеля

Organic and
vegetarian

TÜKEL

Сухарики

из картофеля

Organic and
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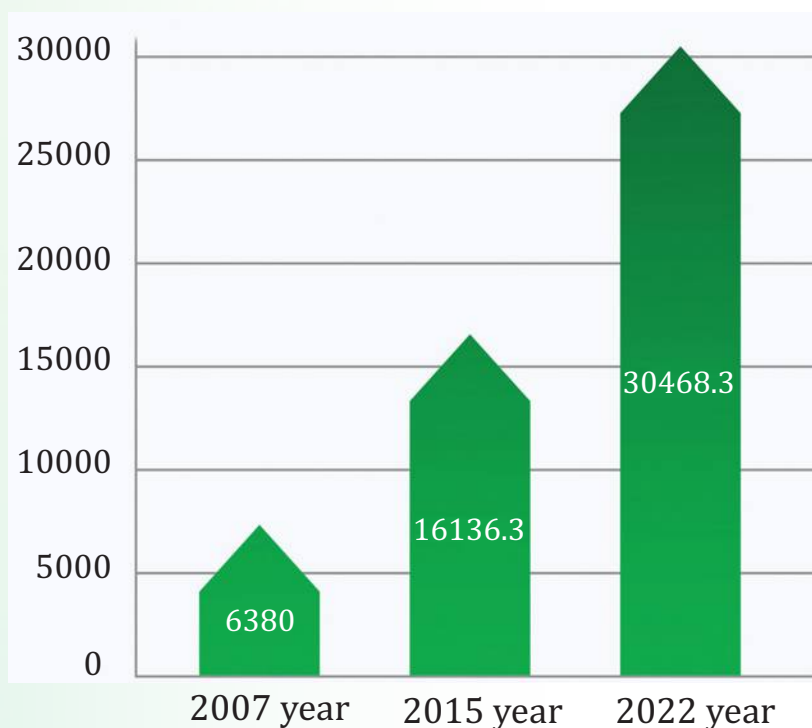
ciency and form new economic relations, and consistently strengthen food security.

Turkmenistan has developed and successfully operates a comprehensive system of state support for the agro-industrial complex, into which significant government investments are made annually. Significant financial resources are allocated to update the technical fleet of the agro-industrial complex, which is replenished with modern tractors, combines, excavators, bulldozers, and other machines and equipment of the latest modifications from the world's leading manufacturers of agricultural machinery.

The industry is taking systematic measures aimed at technical and technological re-equipment of agriculture and agricultural sectors, increasing the competitiveness of their products. Particular attention is paid to the construction of modern livestock complexes, greenhouses, flour mills, and enterprises producing a wide range of food industry products. Today Turkmenistan is fully self-sufficient in basic food products.

An important milestone in the development of the country's agricultural sector was the first meeting of the Halk Maslakhaty in 2018, which outlined a number

Agricultural products, million manats





of urgent tasks aimed to bring the domestic agro-industrial complex to qualitatively new levels of development. These include increasing the profitability of agriculture, rational use of land and water resources, improving the reclamation condition of farmland, their provision with irrigation water, as well as the widespread involvement of private structures in the industry.

In accordance with the decisions of the Halk Maslakhaty and the Resolutions of the President of Turkmenistan, special agricultural land funds were created from the

arable lands of farmer associations in the velayats, from which land plots are provided for long-term use to joint-stock companies, farms and other agricultural producers. State purchases of products, exemption of farmers from taxes, provision of maintenance services, providing them with seeds, mineral fertilizers, plant protection products on preferential terms – all these measures of financial and economic incentive of agricultural producers have the desired effect and promote their interest in the results of their work.





The transition to sustainable development of the industry requires the search for additional factors for its development, modern management methods and tools to ensure stable economic growth. In the context of this, to reform agriculture and transform it into a highly profitable industry in the country, the Water Code of Turkmenistan, the Land Code of Turkmenistan, the Laws of Turkmenistan “On Cotton Growing”, “On Grain Growing”, “On the State Land Cadastre”, and “On state regulation of agricultural development” were adopted. The transition to new forms of management and the establishment of market relations in the agricultural system will make it possible to more effectively develop production, fill markets with a variety of domestically produced products, and also strengthen the export potential of the agricultural sector.

The main tasks of the agro-industrial complex at present are:

- to increase food production and expand its range, improvement of market supplies, organization of activities aimed at ensuring food sufficiency;

- providing a favorable environment for increasing the production potential of agricultural enterprises producing food, meat, dairy and livestock products;

- organization of activities aimed at the targeted and effective use of pastures and arable areas for agricultural purposes. Focusing on positive global practice, the implementation of a set of necessary measures in order to increase agricultural yields, develop the seed industry, and complete the formation of the land cadastre;

- introduction of advanced scientific experience;

- expansion of areas for the purpose of growing vegetable products;

- organizing activities aimed at developing the livestock industry, expanding the areas allocated for growing feed crops;

- construction of new reservoirs, increasing their volumes, active introduction of advanced water-saving technologies for irrigation of agricultural crops, and the use of the world’s best practices.



2.7. Construction Industry

The enormous scale of construction is a clear indicator of the dynamic development of Turkmenistan, which is implementing policies aimed at improving the well-being of the population and the economic power. The country is doing a lot of work to create a competitive domestic construction complex and strengthen its material and technical base. Huge investments in this area, a favorable investment climate that helps attract leading construction companies, manufacturers of materials, special machinery and equipment to the country, effective measures

of state support for domestic business have led to a rapid economic growth, intensive construction of modern social and cultural facilities, industrial and transport infrastructure.

Today, the country's construction complex is focused on the implementation of large-scale government programs for industrialization, the creation of modern transport infrastructure, the manufacture of import-substituting products and increasing the volume of export goods. The industry is taking measures to reconstruct and modernize existing facilities, new industrial facilities equipped with





advanced technologies are being built highways and steel highways of international importance are being laid, and office building complexes are being commissioned. Among the large-scale social projects is the construction of new urban areas, villages and towns, schools, kindergartens, healthcare facilities and medical industry in the capital and in all velayats (regions) of the country.

One of the main sectors of the construction industry is housing construction, during which everything is done to create the most comfortable living conditions for people. Along with the modernization of the existing housing stock and the construction of new houses, not only high-rise buildings with increased comfort and improved layout, but also cottage-type houses are being built. These residential buildings are being built in conjunction with the necessary infrastructure – consumer services, underground parking lots, sports grounds, recreation areas for children and others. A striking example of this is the numerous new buildings in Ashgabat – in the residential areas of Keshi, Gurtly, Parahat etc.

The main goal of the gradual reform of the housing sector is to improve the quality of life of citizens of Turkmenistan by ensuring greater availability of comfortable housing. New etrap (district) centers and urban-type settlements have been opened, where all conditions for living have been created. Modern villages represent a new type of settlement with comfortable cottage-type residential buildings, the presence of a whole complex of social and cultural facilities equipped with advanced technology (kindergartens, schools, libraries, sports complexes and much more).

The appearance of our capital is being increasingly updated, modern high-rise buildings and structures of original architecture are being erected, arrays of green parks and squares are expanding, and numerous fountains are being built. Ashgabat has rightfully become one of the most beautiful and comfortable cities in the world to live in. The outstanding sights of the Turkmen capital, which has become a true pearl of Asia, are listed in the Guinness Book of Records. The Turkmen capital is also included in the Guinness Book of Records as the whitest marble city in the world.





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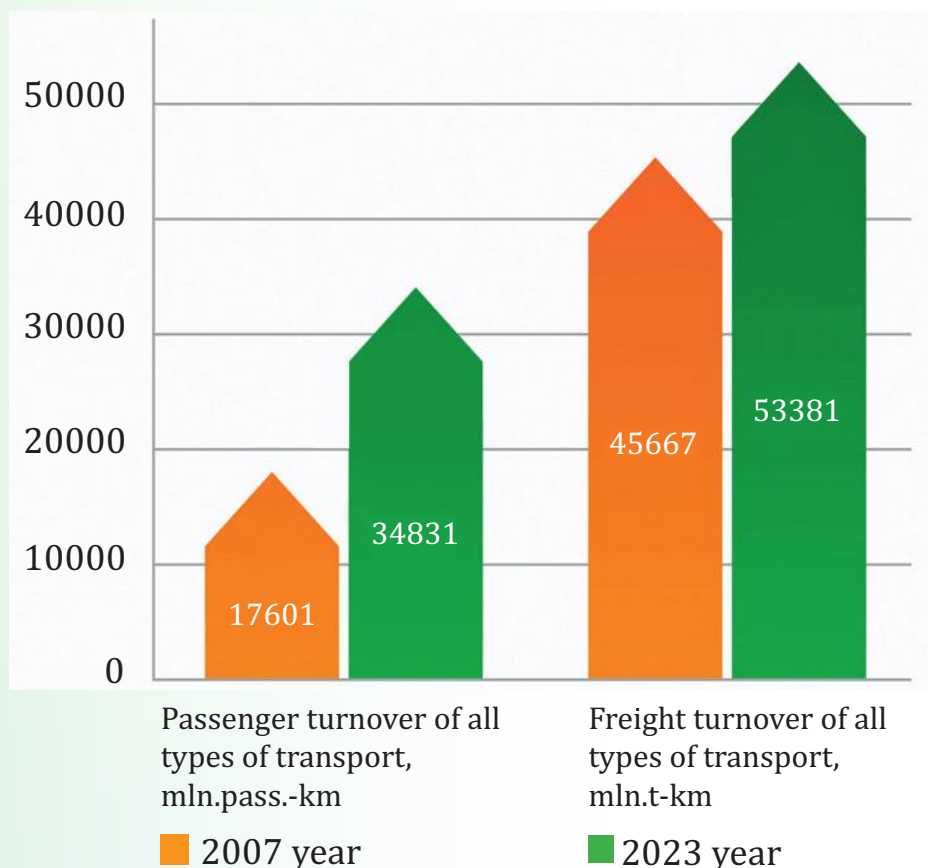


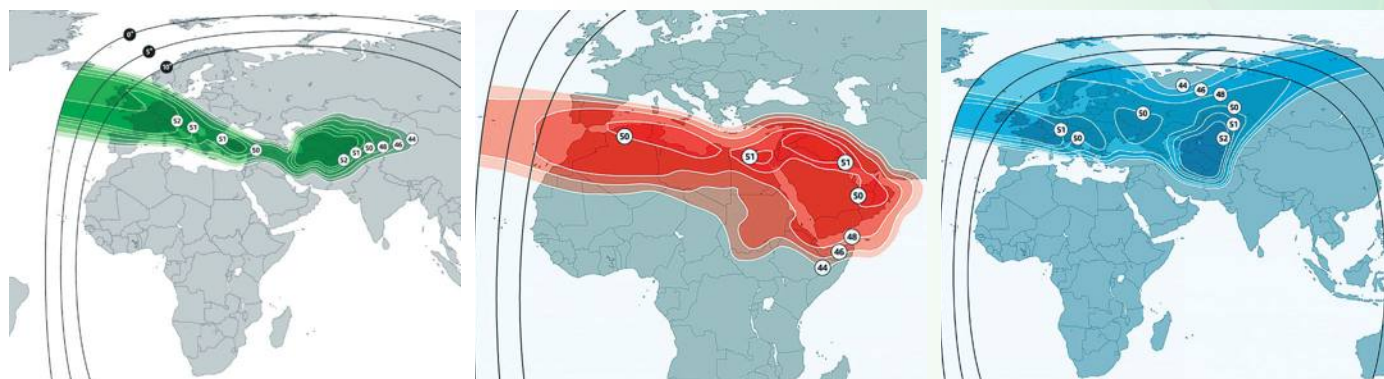
2.8. Transport and Communication Infrastructure

The transport and communications sector is an intensively developing and promising segment of the national economy. The goal of the state policy in this sector is to fully satisfy the needs of the economy and population for transport services and to form an extensive, highly efficient transport system involved in global economic relations. On this context, the development of transport infrastructure is one of the components of the country's state strategy.

The development of a network of international transport corridors and related infrastructure, the modernization of roads of state and local importance remains among the most important priorities for the development of Turkmenistan. Evidence of this is the intensive implementation in recent years of large-scale projects and programs related to the development of transport and its infrastructure. The country's active policy for the development of transport corridors has expanded and diversified the patterns of international transport

Passenger turnover and freight turnover





routes for the export and import of goods.

Turkmenistan makes a worthy contribution to the development of cooperation in this sector by actively cooperating with authoritative international organizations and participating in the implementation of international programs: the International Cooperation Program between the European Union and partner countries for the organization of the Europe-Caucasus-Asia transport

corridor (TRACECA), the Central Asian Regional Economic Cooperation Program (CAREC), the UN Special Program for the Economies of Central Asia (SPECA) etc.

Turkmenistan, located at the crossroads of the Great Silk Road, is actively integrating into the international transport system. Large-scale projects are being implemented to modernize existing highways, build railways and improve the work of the country's air and



sea fleet. These projects contribute to the development of international trade, as well as the transport system of regional and interregional importance. Among them is the construction of roads and railways in the North-South (Kazakhstan-Turkmenistan-Iran) and East-West (Turkmenistan-Azerbaijan-Türkiye) directions, which made it possible to expand the national infrastructure along the main highways, routes and nodes. These directions are intended to become an important part of the regional and international transport infrastructure between Asia and Europe.

In 2017, a new pontoon bridge was opened in Lebap velayat across the Amudarya in the direction of Halach-Hojambaz, which has great economic significance. Its operation has significantly reduced logistics costs, increased the capacity of the region enhanced its transit potential and its role in increasing export flows.

The Turkmenistan-Afghanistan-Tajikistan railway, the construction of which is one of the major transport projects in the region, is intended to become an important link in international transport transportation between the states

of the Asian region. In 2016, the first stage of the railway was commissioned along the route Kerki-Yamnazar (Turkmenistan)-Akina (Islamic Republic of Afghanistan).

In the context of the implementation of new directions of railway transportation, in February 2018, the railway to Afghanistan along the Serhetabat-Turgundi route was completely reconstructed and practically rebuilt and put into operation.

In January 2021, the 30-kilometer Akina-Andkhoy railway line and the International Fiber Optic Communication and Transit Flow System along the route Yamnazar (Turkmenistan)-Akina (Afghanistan) and Serhetabat (Turkmenistan)-Turgundi (Afghanistan) were put into operation.

To strengthen the material and technical base of the industry, the passenger and freight wagons for various purposes and mainline locomotives are being purchased.

Real prospects for the formation of a balanced transport infrastructure are also created by the project of the international transport corridor Uzbekistan-Turkmenistan-Iran-Oman, and the practical implementation of the agreement



on creation of a transit, trade and transport corridor Afghanistan-Turkmenistan-Azerbaijan-Georgia-Türkiye.

The construction of a high-speed highway Ashgabat-Turkmenabat with a length of 621 kilometers is underway.

In 2022, bus stations with a capacity of 700 passengers each were introduced in Balkanabat, Dashoguz, Turkmenabat and Mary cities.

The development of the modern road transport infrastructure of Turkmenistan contributed to the growth in the volume of transportation of goods and passengers.

Civil aviation plays one of the key roles in the development of transport services. The country's national airline has improved its management system, tariff policy, and the work of flight crews; the processes of preparation and support of flights have been brought into line with international standards.

To develop trade and economic relations of Turkmenistan and increase its transit potential, the largest international airport in Central Asia with a capacity of 1,600 passengers per hour was opened in Ashgabat city. Currently,







there are 6 international airports in Turkmenistan and another one is under construction in Balkan velayat (region).

The development of domestic maritime transport is acquiring strategic importance, in which the growth of passenger and freight traffic is an important condition for the full-scale integration of the countries of Central Asia and the Caspian Basin into the international system of economic relations.

A significant event in the development of domestic maritime transport was the the International Seaport in the city of Turkmenbashi, which was put into operation in May 2018.

The total area of the seaport is 150 hectares, the port's capacity is 17 million tons of various cargoes per year, and can simultaneously accommodate 17 ships. The seaport consists of five terminals:

- general cargo terminal;
- bulk cargo terminal;
- container terminal;
- passenger and ferry terminal;
- polypropylene terminal.

A significant role in the international integration of the Turkmen state is assigned to the communications sector, the rise of which to a new level

is associated with the modernization of the communications industry, in particular, trunk backbone optical lines, where only world-class modern digital communications equipment, high-speed digital and fiber-optic transmission systems and other digital system equipment will be used.

The launch of the first national communications satellite “TurkmenÄlem 52°E” gave a powerful impetus to the development of telecommunications technologies in our country, which significantly expanded the range of modern services in the broadcasting industry, in the field of communications and the Internet.

The further development of the industry will be facilitated by the implementation of the tasks defined in the country's digitalization program.

As part of the Program for the Development of Foreign Economic Activity of Turkmenistan for 2020–2025, measures are being taken to further develop the transport and communication system, create modern logistics centers, as well as a favorable investment environment necessary for the development of private, joint and foreign enterprises in the country.





2.9. Banking System

The banking system is a two-tier system of credit and financial institutions and includes the Central Bank of Turkmenistan (first tier) and commercial banks carrying out banking operations (second tier). The country has the Turkmenbashi Joint Stock Commercial Bank, the Turkmenistan State Commercial Bank, the State Bank for Foreign Economic Affairs of Turkmenistan, the Daihanbank State Commercial Bank, the Halkbank Joint Stock Commercial Bank of Turkmenistan, the State Development Bank of Turkmenistan, the Senagat Joint Stock Commercial Bank of Turkmenistan, Turkmen-Turkish Joint-Stock Commercial Bank, Rysgal Joint-

Stock Commercial Bank, as well as a branch of the Saderat Iranian Bank. Along with this, 150 branches of commercial banks operate in all velayats of the country.

Banking activity in Turkmenistan is a licensed activity and is regulated by the following Laws of Turkmenistan: “On the Central Bank of Turkmenistan”, “On credit institutions and banking activities”, “On microfinance organizations and microfinance”, “On credit unions”, “On mandatory guarantee of deposits of individuals”, “On joint stock companies”, “On foreign exchange regulation and foreign exchange control in foreign economic relations” etc.

The Central Bank of Turkmenistan coordinates and regulates settlement relations in Turkmenistan, monitors the activities of interbank payment systems, defining the main provisions of their functioning, establishes rules for non-cash payments, and also organizes cash circulation.

The priority direction of bank lending is financing the implementation of investment projects in the field of introducing modern production and resource-saving technologies, creating new





high-tech types of production, developing infrastructure, expanding and strengthening small businesses and private entrepreneurship in the production sector. The country's credit institutions provide loans for the development of farms and processing of agricultural products, as well as for the development of industry and the service sector.

In order to improve living conditions and increase the well-being of the country's population, citizens are provided with preferential mortgage loans for the purchase of housing in houses of increased comfort and improved layout on optimally favorable terms. The loan is provided on a long-term basis, for a period of up to 30 years, with an annual rate of 1 percent and a five-year deferment on repayment of the principal debt.

Efficient activities and competitive advantages of domestic banks are achieved through consistent digitalization, introduction of innovations and the application of new achievements in science, technical equipment and technology.

Concrete steps are being taken to introduce new types of

banking operations and introduce innovative technologies, improve business process management, increase the capitalization of national banks, their privatization, etc. The country's banks are carrying out targeted work to further improve the quality of services provided, including online banking, and the implementation of promising ideas.

Current areas of activity of the banking system are the improvement of the non-cash payment system, in particular, the widespread use of plastic cards, as well as the development of electronic document management.

The country has "Visa card" and "Master card" international payment systems. Internet banking services are being developed, thanks to which greater opportunities are provided for prompt information through the "client-bank" system about the status of accounts and completed banking operations.

Further improvement in the efficiency of commercial banks will contribute to the development of the financial market, primarily in terms of the growth of the capital market and long-term loans.



2.10. Foreign Economic Activity

In implementing its foreign economic policy, Turkmenistan takes measures to protect the domestic market and the interests of domestic producers, taking into account the country's international obligations, and also supports the promotion of domestic goods to foreign markets. Turkmenistan is open to mutually beneficial cooperation with foreign partners, primarily with leading companies with solid experience and advanced technologies in various industries. This interest is due to the high dynamics of economic development of the country, where the necessary conditions for equal partnership have been created and are being created, including a favorable investment climate.

The main goals of foreign economic policy are:

- ensuring the economic security of Turkmenistan;
- diversification of the country's exports from raw materials to the export of finished products of processing industries;
- reduction in the structure of imported products of the share of raw materials and finished products that can be produced on the territory of Turkmenistan;

- further development of political, economic and legal conditions to consolidate the positions of national commodity producers in existing markets.

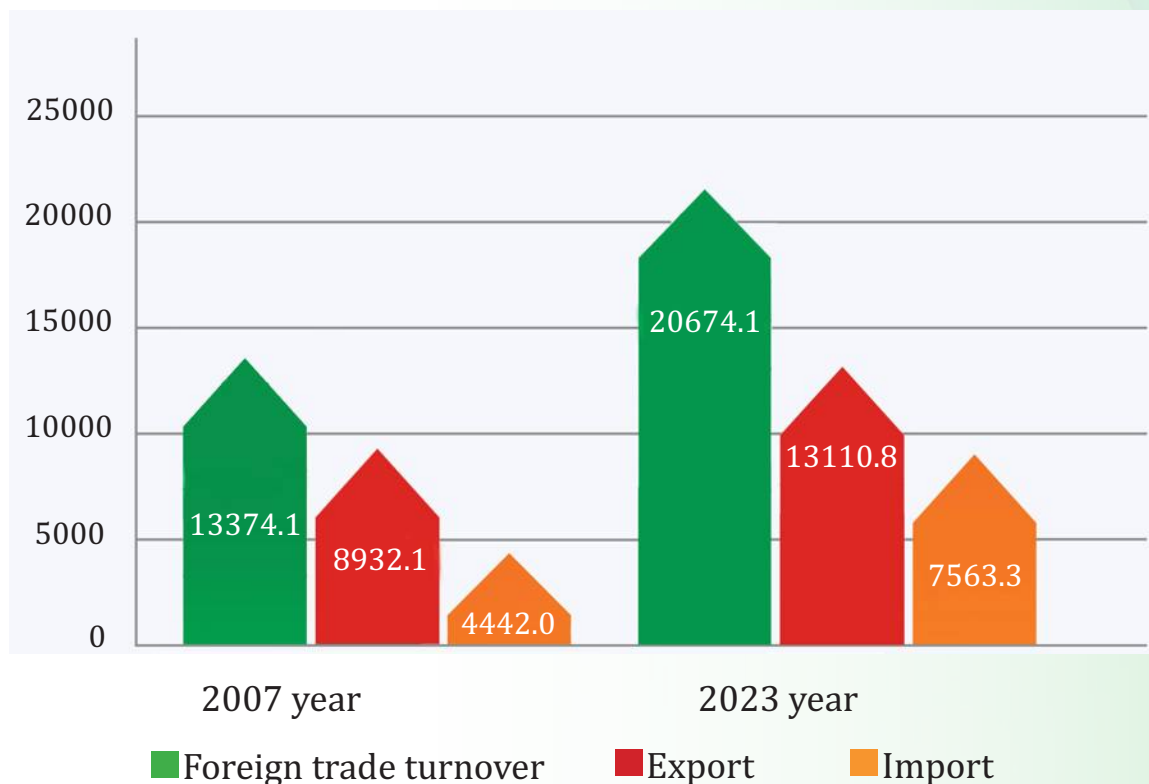
In the country, along with the activation of traditional export directions, large import-substituting lines are currently being formed, mainly for the production of products that provide a multiplier effect. The main priority sectors are the chemical industry, production of building materials, agriculture and food industry.

New export-oriented and import-substituting industrial lines in their development are based on local sources of raw materials and advanced technologies, which allows expanding the competitive industrial sector of Turkmenistan. At the same time, as import-substituting areas develop, an export resource is already being formed within their framework.

A significant share of export turnover is occupied by natural gas, oil and petroleum products. In recent years, the country has implemented major innovative projects, such as a gas chemical complex for the production of polypropylene and polyethylene,



Foreign trade, million US dollars

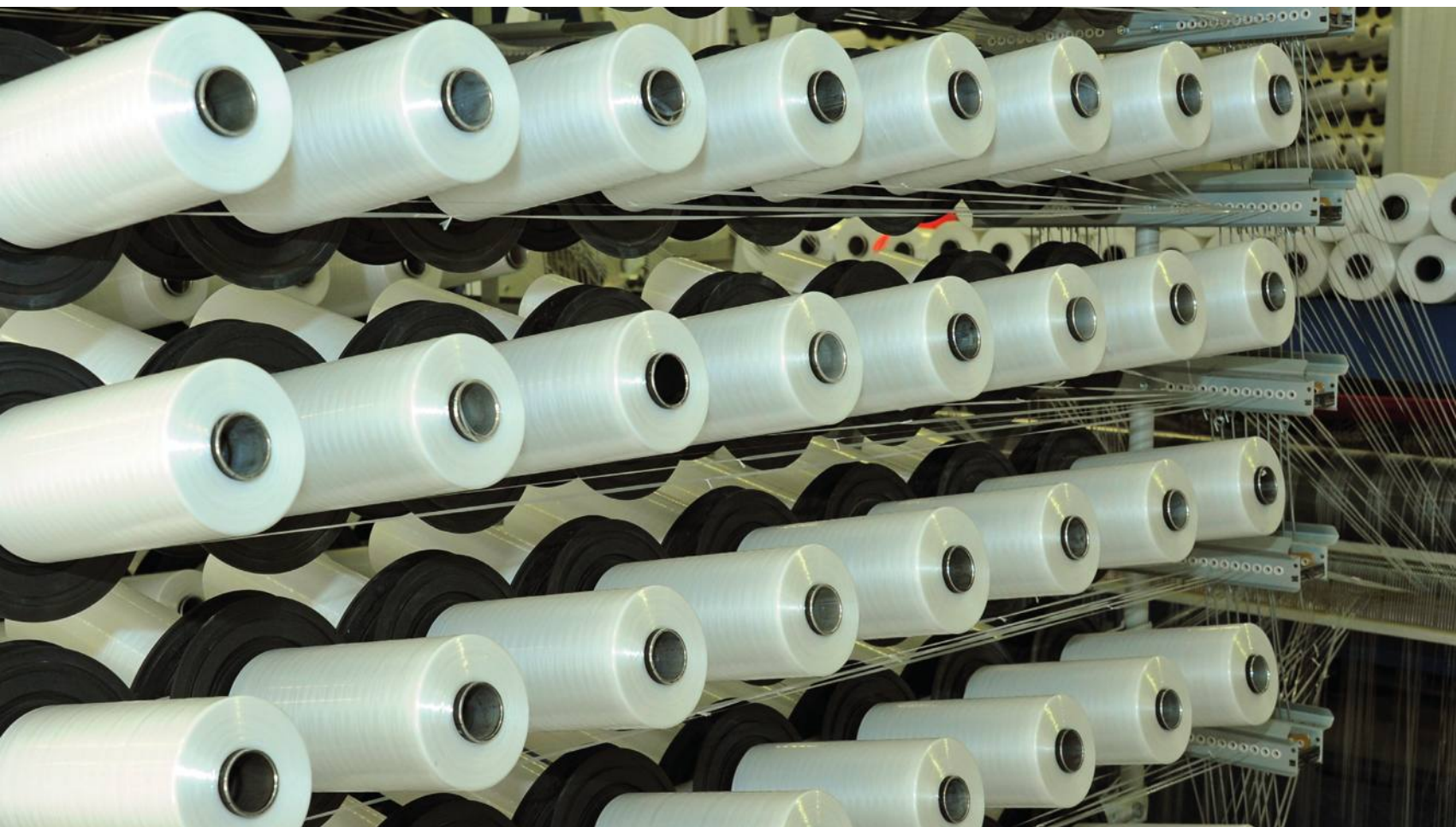


a petrochemical and oil refining complex, plants for the production of mineral fertilizers, a plant for the production of gasoline from gas and other industries. At the same time, the country has created production capacities for electrical, chemical and other manufacturing industries. This allows Turkmenistan to be an exporter of chemical, gas and petrochemical products, iodine, and agricultural products.

The created production capacities of the domestic industry allow Turkmenistan to export large volumes of cotton fiber and textile

products made from cotton (yarn, fabrics, linens, finished products), raw silk, washed wool, carpets and carpet products and others.

In 2023, the country's foreign trade turnover amounted to 20.7 billion US dollars, including exports – 13.1 billion US dollars. Currently, more than 100 countries of the world are trading partners of Turkmenistan, the leading of which are such countries as China, Russia, Türkiye, Iran, the United Arab Emirates, Georgia, Italy, Afghanistan, Kazakhstan, Uzbekistan, India etc.







Turkmenistan is at the stage of fundamental transformations aimed at ensuring the functioning of a competitive market economy and creating conditions for the transparency of the economic policy. The favorable conditions and stability created for investors are important factors for the high interest of the world's leading companies in cooperation with our country.

The efforts made by Turkmenistan in the foreign policy arena are aimed at creating a partnership mechanism that will be associated with the implementation of all reforms carried out in the country, and will also ensure strengthening of ties with the states of the world community.

To enhance foreign economic activity in the country, specialized intergovernmental cooperation commissions are being created, the work of which covers the spheres of economics, trade, investment, science and technology, education, and culture.

2.11. Entrepreneurship and Private Sector Development

A special role in the process of economic diversification is assigned to the non-state sector. In recent

years, a lot of work has been done in the country to enhance the development of small and medium-sized businesses and expand their activities in various sectors of the economy. Today, domestic private structures have mastered a whole list of new types of import-substituting and export-oriented products, their production volumes are constantly increasing, and the range of high-quality and competitive goods is expanding. Small and medium-sized businesses are also actively developing. The share of the non-state sector in the structure of GDP (not including the fuel and energy complex) is planned to increase to 71.4% in 2024.

One of the leading directions of the strategy of economic development of the country is the widespread involvement of private business in the implementation of state programs.

On this context, the favorable legal, economic, financial and living conditions for the dynamic and effective development of small and medium businesses and private initiatives are being created. To further enhance entrepreneurial activity in various sectors of the national economy, the country is



implementing the “State Program to Support Small and Medium-Sized Enterprises in Turkmenistan for 2018–2024” and a plan of related activities for this period.

Private business in the country is gaining rapid momentum. Representatives of the non-state sector of the economy have significant experience in creating enterprises in various sectors of the manufacturing industry, agro-industrial complex, construction industry and production of building

materials, transport and logistics sector, development of the country’s natural resources, provision of services and ensure a significant increase in domestic and foreign trade turnover.

At the same time, the great potential of small and medium-sized businesses is aimed at increasing the country’s exports – environmentally friendly food products, consumer goods based on local resources, a wide range of light industrial goods, and various types of services.



The Union of Industrialists and Entrepreneurs of Turkmenistan (UIET) has been functioning in the country for more than 15 years. It unites about 28 thousand private business entities operating in almost all spheres of the economy. In almost 15 years, the volume of industrial products produced by members of the Union has increased 83 times. UIET provides support in the implementation of goals both for business development and for improving the social sphere and developing effective institutions in the country.

The contribution of manufacturers to the production of building materials is reflected in the dominance of local products in the building materials market, replacing imported goods. Among them are hundreds of types of pipes, electrical cables, pendants, profiles for windows and doors, other products made of polyethylene, polypropylene and polyvinyl chloride, widely used in public utilities and construction, ceramic tiles, sanitary tiles, bricks, reinforced concrete structures, waterproofing materials, expanded polystyrene,





expanded clay, emulsion paints, hoses, paving stones and tiles, dry building mixtures, air filters and other products.

The production of household products made from polymers is also expanding. Private entrepreneurs produce a wide range of goods, including children's toys, plastic household goods, plastic furniture, polyethylene products, etc.

Turkmen entrepreneurs are actively exploring the household chemicals market. The range of synthetic detergents and disinfectants, cosmetics and perfumes is expanding.

In recent years, private entrepreneurs have made significant progress in the furniture industry. Thus, in the industrial zone in Anau city there is a furniture complex

of the Union of Industrialists and Entrepreneurs of Turkmenistan, where private enterprises are located that produce various products in this profile. There is also a large industrial zone near Ashgabat, in which hundreds of private enterprises operate in various production areas.

Modern clothing, footwear, and textile products produced by the domestic entrepreneurs are in great demand both in the domestic and the foreign market.

Contributing to the reform of the agricultural industry, private producers are attracting innovative management methods, ensuring an increase in yields through the introduction of advanced technologies, the development of new irrigated lands, the organization











of additional crops on these lands, as well as greenhouses that allow growing vegetables year-round in closed ground, which makes it possible to saturate the domestic market and increase export supplies. Agricultural producers are increasing the production of melons, vegetables and fruits, including exotic ones, for our country.

The established poultry and livestock complexes make it possible to produce a wide range of meat and dairy products. In addition, domestic entrepreneurs produce vegetable oils, baby food, fruit and vegetable concentrates, juices, bakery products, canned vegetables and fruits, fish delicacies, and a variety of confectionery products that are in demand outside the country. Factories for artificial breeding and processing of fish are being created, and work is being carried out to breed and adapt new breeds of fish.

A great contribution is made by private construction companies that take part in the construction of facilities, including comfortable hotels and health resorts in the Avaza National Tourist Zone. Berkarar, Aşgabat Shopping and Entertainment Centers, Gül zemin shopping Center





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and other facilities created by domestic private companies have become popular places of recreation and entertainment for citizens of the country and foreign guests.

In order to increase the efficiency of interaction between the public and private sectors, the Law of Turkmenistan “On Public-Private Partnership” was adopted in 2021, aimed at legal support for the expanding public-private partnership in the country, as well as stimulating business participation in various projects. This law also applies to partnerships with foreign businesses.

In November 2021, the Law of Turkmenistan “On Trust Management of State Property” was adopted, which defines the goals, methods and procedure for transferring state property into trust management, regulates the legal relations arising between the property owner and the trustee in this process.

In order to increase the share of the private sector in the innovative development of the country, expand market relations, enhance cooperation between the public and private sectors, as well as ensure stable economic development, the

“Strategy for the management and reform of enterprises with state participation in Turkmenistan for 2021–2025” was adopted in February 2021.

Today, when the economic potential of Turkmenistan is actively involved in the global system of the world economy, the role of partnership between the state and private business – domestic and foreign – will only increase.

2.12. Intellectual Property Protection System

The national intellectual property system of Turkmenistan began to function in 1993. Currently, state regulation in the field of protection of intellectual property is carried out by the State Service for Intellectual Property of the Ministry of Finance and Economy of Turkmenistan, created by the Resolution of the President of Turkmenistan dated March 1, 2013.

The main legal framework in this area is the Constitution of Turkmenistan, the Civil Code of Turkmenistan, the Laws of Turkmenistan “On the legal protection of inventions “On the legal protection of industrial designs”, “On trademarks”, “On names of places



of origin of goods", "On the legal protection of algorithms, programs for electronic computers, databases and topologies of integrated circuits", "On the legal protection of selection achievements", "On copyright and related rights" and other regulations.

Also, the legislation of Turkmenistan contains norms of punishment for violations of the rights of owners of intellectual property, which are provided for in the Criminal Code of Turkmenistan, in the Code of Turkmenistan on Administrative Offenses, in the Customs Code of Turkmenistan, etc.

An Appeal Commission has been established under Turkmenpatent to consider applications and objections of persons regarding vio-

lated or disputed rights, including pre-trial consideration of disputes related to the protection of the rights of authors, applicants and copyright holders, as well as other issues within the competence of this structure.

In order to ensure the protection of intellectual property in Turkmenistan, an Interdepartmental Commission was created in 2021.

During the existence of the national intellectual property system, a significant step was made in the field of international cooperation, which allowed Turkmenistan to integrate into the international patent system in the field of industrial property. Turkmenistan is a member of 15 international conventions and treaties in the field of intellectual property, including:





1. Convention establishing the World Intellectual Property Organization (December 25, 1991);

2. Paris Convention for the Protection of Industrial Property (December 25, 1991);

3. Patent Cooperation Treaty (December 25, 1991);

4. Eurasian Patent Convention (December 08, 1995);

5. Protocol to the Madrid Agreement Concerning the International Registration of Marks;

6. Strasbourg Agreement Concerning the International Patent Classification (March 7, 2007);

7. Locarno Agreement establishing the International Classification of Industrial Designs (June 7, 2006);

8. Agreement Concerning the International Classification of Goods and Services for the Registration of Marks (June 7, 2006);

9. Vienna Agreement establishing the International Classification of Figurative Elements of Marks (June 7, 2006);

10. Nairobi Treaty for the Protection of the Olympic Symbol (January 16, 2016);

11. The Hague Agreement Concerning the International Registration of Industrial Designs (March 16, 2016);

12. Berne Convention for the Protection of Literary and Artistic Works (May 29, 2016);

13. Marrakech Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired, or Otherwise Print Disabled (January 15, 2021);

14. Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (November 30, 2020);

15. Patent Law Treaty (April 19, 2021).

In December 2020, a Program for the development of the intellectual property system for 2021–2025 was adopted. The implementation of its tasks will facilitate the further improvement of the legislative framework for the protection of intellectual property and its harmonization with international legislation, the creation of conditions for the commercialization of scientific and technical achievements of innovators of Turkmenistan, raising the prestige of the work of scientific and technical workers in this sphere, increasing their professional competence and protecting the rights of intellectual property owners property.



In addition, the Program will allow young people with a strong ability to generate creative ideas, as well as natural organizers of theoretical and applied science who are sensitive to promising directions for its further development, to be involved in the creative process, including organizing the implementation of promising innovations. One of the results of the implementation of the Program is a close interaction between the scientific, inventive and rationalization community of intellectual workers with the innovative creativity of talented managers.

In addition, as part of its implementation, measures are being taken to create organizational, legislative, scientific and technical prerequisites for Turkmenistan's accession to the WTO, which will accelerate the country's movement along the path of innovative development through the establishment of business cooperation between various scientific, scientific-industrial and industrial enterprises. Such cooperation is aimed to strengthen enterprises with talented specialists and qualified labor, which will make it possible to





shorten the technological cycle for transforming scientific and technical achievements into innovations with their subsequent widespread commercialization.

The implementation of the Program is also aimed at developing cooperation with customs authorities and law enforcement agencies, to counter the entry of counterfeit goods across the customs border of Turkmenistan, reduce piracy and thereby effectively protect the rights of manufacturers of original products marked with means of individualization registered in Turkmenistan.

Particularly useful for the innovative breakthrough of Turkmenistan will be the implementation of the Program in terms of borrowing on a licensed basis

within the framework of the concept of “catch-up development” of promising foreign technologies of developed countries in the field of energy and processing of raw materials with their practical implementation.

2.13. Environmental Policy

One of the priority tasks of international cooperation of Turkmenistan in the field of ecology is to achieve a reasonable balance between production activities and environmental protection, ensuring environmental safety.

The development of adaptation measures for the priority sectors of the economy of Turkmenistan to climate change is being integrated into the main national development programs of the country, which include issues of improving the process of environmental management, rational use of natural resources, and development of the country's economy, taking into account the mechanisms of “pure” development.

The purposeful work is being carried out in the field of rational use of water, land and biological resources, conservation of biodiversity and natural landscapes,





combating desertification, and increasing environmental education of the population.

The country is implementing a set of measures to improve the legal framework and monitor the implementation of legislation in the field of environmental protection. In recent years, the Laws of Turkmenistan “On Nature Protection”, “On Environmental Expertise”, “On Environmental Safety”, “On Environmental Audit”, “On Environmental Information” and other legal acts have been adopted.

Much work is being done in the field of water management and ecology. Our country’s contribution to solving global problems related to the conservation of water resources is the construction of the Altyn Asyr Turkmen Lake. The creation of a new

lake in the center of the Karakum Desert is a positive factor in the context of environmental protection, solving the problem of conserving water resources, contributing to the improvement of the environmental situation not only in our country, but throughout the entire Central Asian region.

As part of Turkmenistan’s chairmanship of the International Fund for Saving the Aral Sea (2017–2019), the 4th Action Program to assist the countries of the Aral Sea basin and the Regional Environmental Protection Program for sustainable development in Central Asia were developed. In addition, in April 2018, at the 82nd meeting of the 72nd session of the UN General Assembly, the Resolution “Cooperation between the UN and the International Fund for Saving



the Aral Sea” was adopted, the draft of which was developed at the initiative of Turkmenistan. This document is directly related to the creation of a full-fledged international mechanism for interaction in the field of ecology, and in particular, joint work to prevent the consequences of the Aral problem.

Turkmenistan is systematically moving towards a “green” economy and pays special attention to the environmental component in the development of hydrocarbon and mineral resources, construction of production facilities and infrastructure, when introducing advanced technologies into production, updating electric power facilities, pipeline operation, preventing hydrocarbon leaks, recycling associated gases during oil production, construction taking into account climatic conditions and increasing energy efficiency.

Innovative, resource-saving and environmentally friendly technologies are being introduced in all sectors of the national economy, and measures are being taken to increase the efficiency of monitoring the cleanliness of the atmosphere in accordance with environmental standards.

Issues of adaptation to climate change are the basis of the “National Strategy on Climate Change”, adopted in a new edition in 2019. It is a milestone document that takes into account Turkmenistan’s obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. Particular attention is paid to the implementation of plans to reduce greenhouse gas emissions in the fuel and energy complex, as well as such sectors as transport infrastructure, agriculture and industry.

The Strategy also provides for a set of measures for the rational use of natural resources, combating land degradation, developing forestry and increasing the area of forest plantations, improving the condition of irrigated lands and combating soil salinization.

An updated version of the National Forestry Program for 2021-2025 was adopted as part of the National Strategy in 2021, according to which at least 3 million seedlings of deciduous the coniferous, fruit trees, grape seedlings, as well as desert plants are planted. The document also reads main aspects of expanding international partnership in the field



of forestry and introducing advanced international experience. To date, more than 158 million trees, mainly coniferous and deciduous, have been planted in Turkmenistan.

Turkmenistan is a part of the UN Framework Convention on Climate Change, the Kyoto Protocol and the Paris Climate Agreement, which create a unique opportunity to regulate the impact of human activities on the environment and climate through international agreements. With accession to the Paris Climate Agreement in 2017,

a number of relevant national programs were adopted in our country. National measures are being successfully implemented to reduce and eliminate the negative effects of methane emissions into the atmosphere. It refers, first of all, to a phased transition to the introduction and use of modern environmentally friendly and resource-saving technologies, especially in the fields of energy, industry and transport.

In June 2023, an Intersectoral Commission to Reduce Methane Emissions was established and

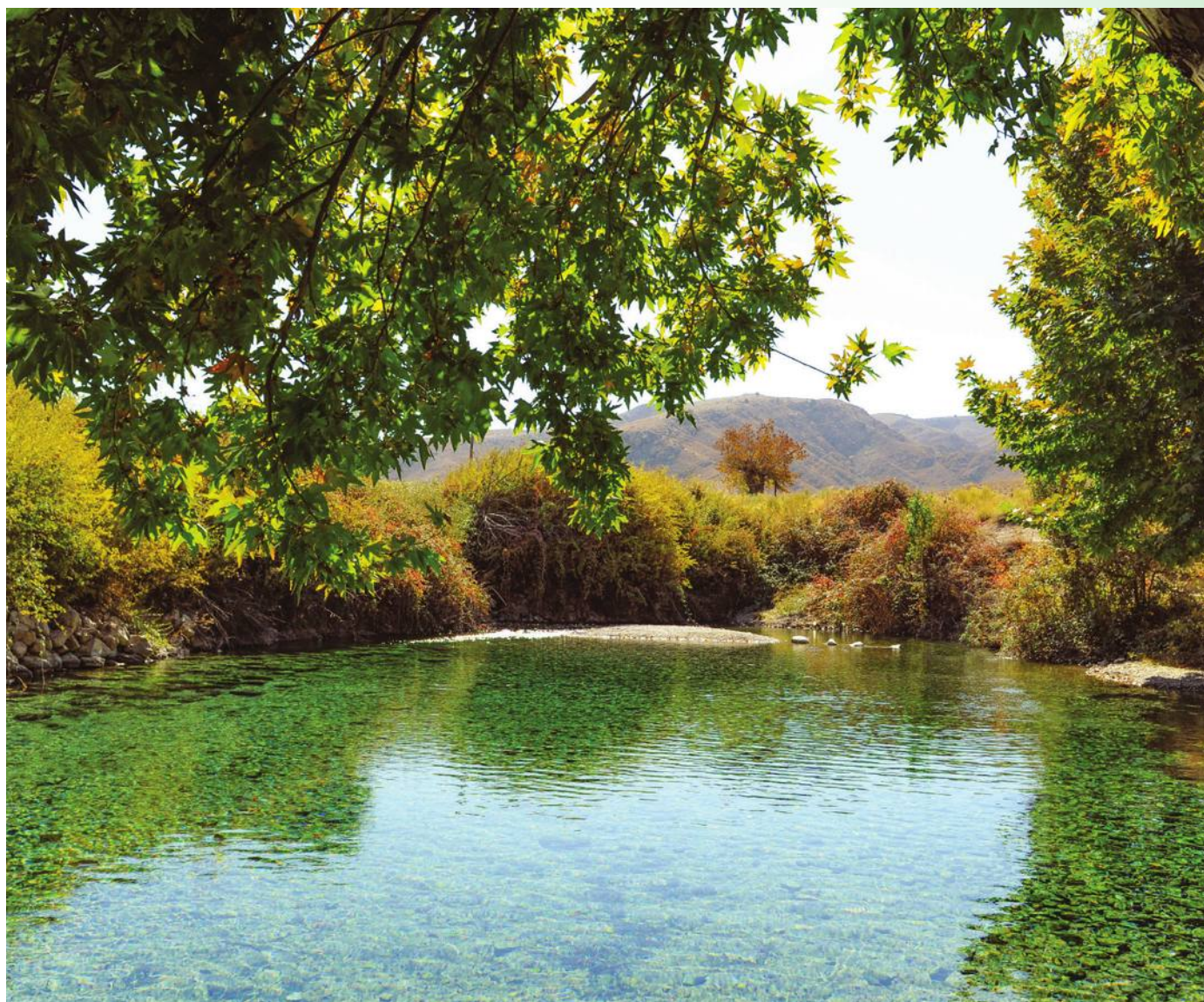






a Roadmap for the development of international cooperation was approved to study issues related to Turkmenistan's accession to the Global Methane Pledge. In December 2023, at the 28th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP-28), Turkmenistan declared its joining of the Global Methane Pledge.

In order to implement the obligations of the UN Framework Convention on Climate Change, Turkmenistan has prepared three National Communications on climate change. The Fourth National Communication is currently being completed. During the preparation of those documents, an inventory of greenhouse gas emissions and effluents, an analysis and assessment





of vulnerability and adaptation of the population, various sectors of the economy of Turkmenistan in the context of climate change was carried out.

Our country is actively promoting environmental protection and climate change issues within the framework of regional cooperation. Adaptation activities are also being implemented within the framework of the Sendai Framework for Disaster Risk Reduction 2015–2030 and are aimed at reducing the risks of natural disasters such as floods, mudslides and droughts.

The development of a Regional Environmental Protection Program for the sustainable development of Central Asia has been initiated, which will contribute to the countries of the region achieving their obligations under the UN environmental conventions, implementing the Paris Climate Agreement and introducing the principles of a “green” economy.

At the 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP-28), held in December 2023 in Dubai, the President of Turkmenistan Serdar Berdimuhamedov confirmed the

initiative to create a Regional Center for Climate Technologies related to Climate Change in Central Asia. The creation of such a center will make it possible to establish systematic work on the exchange of advanced “green” experience in the region, the introduction of innovative environmentally friendly solutions in the fields of renewable energy, transport, industry, and agriculture. This will contribute to the accelerated implementation by the countries of Central Asia of their climate obligations.

The President of Turkmenistan also expressed his readiness to strengthen cooperation at the regional and global levels in such areas as agriculture, ecology, energy, finance and health with all stakeholders to achieve the goals of the Emirates Declaration, taking into account the national interests of Turkmenistan.

Thus, Turkmenistan is firmly committed to promote international efforts to address global climate change issues, including through the transformation of key sectors of the economy and infrastructure.



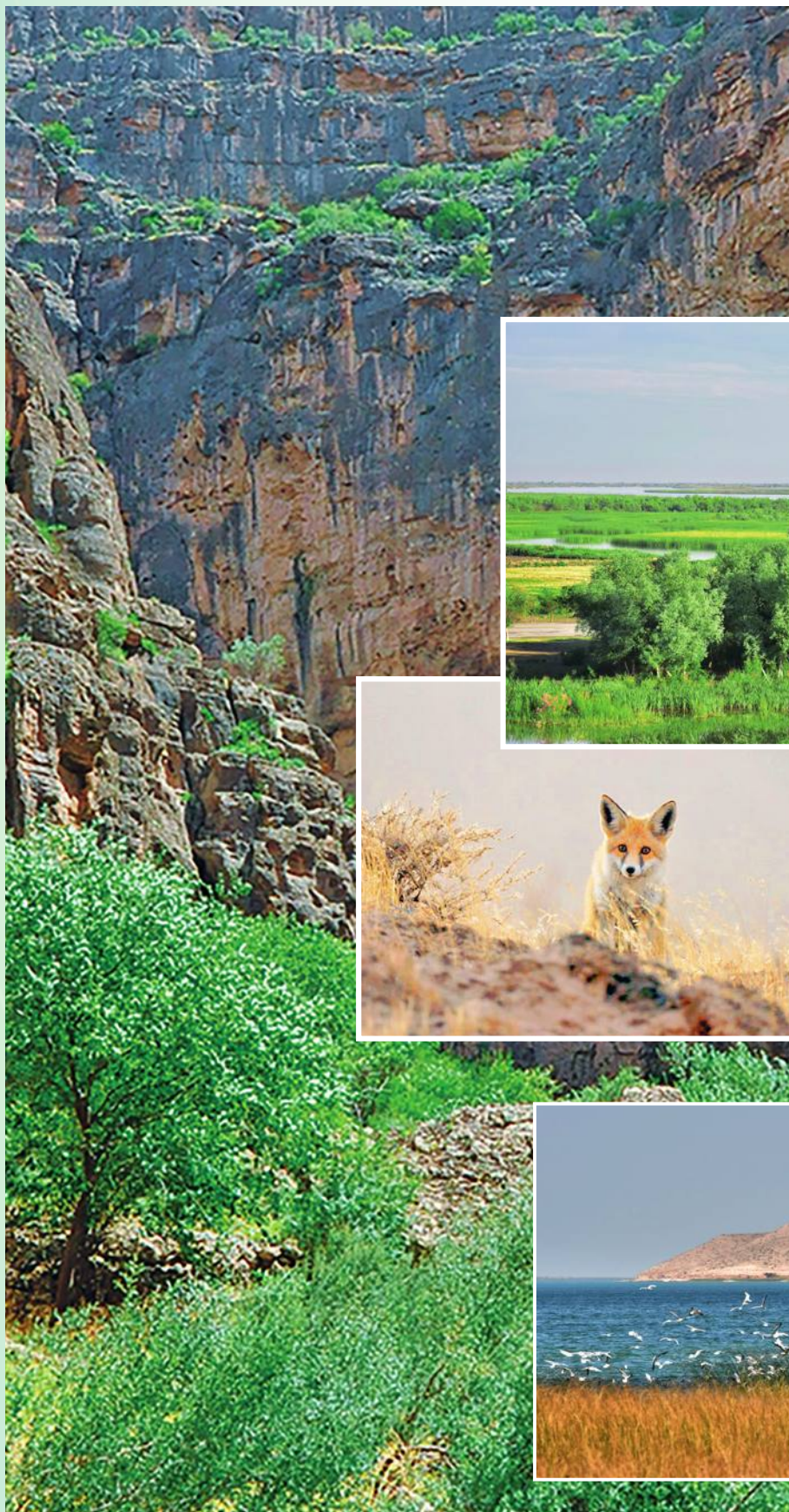
United Nations
Climate Change



COP28UAE

DUBAI 2023







3. INVESTMENT POLICY OF TURKMENISTAN

3.1. Basic Principles of Investment Policy

Attracting investment into the national economy plays a very important role in creating high-tech industries, saturating the domestic market with high-quality, in-demand products and expanding the range of national exports. In recent years, Turkmenistan has done a lot of work to attract the most advanced technologies and foreign investment into the national economy that is a strategic direction of the state's investment policy. In this regard, favorable conditions are created in the country to improve the investment climate, including the business environment. The volume of documents required for statistical and tax reporting is being reduced and the legal framework is being aligned. Thus, the Laws of Turkmenistan "On Securities and Stock Exchanges of Turkmenistan", "On Foreign Investments", a number of other regulations have been adopted, as well as state programs for the development of the banking system of Turkmenistan

for 2011-2030 are also being implemented.

The commissioning of the Natural Gas to Gasoline Production Plant, the world's first, in Ahal velayat, the Gas Chemical Complex in Mary, Garabogazkarbamid plant, the largest in the Central Asian region, metallurgical, cement and aerated concrete plants, the Türkmenaýnaönümleri plant are among the bright examples of successful cooperation with foreign partners.

The macroeconomic stability, energy independence, large reserves of natural resources, developed transport and logistics infrastructure create the good opportunities for enterprises in Turkmenistan today to enter the largest and most dynamically developing markets in the CIS, Asia, and European countries.

Investment policy, being an important component of the strategy of economic reforms, is set and carried out taking into account the national interests and tasks facing the country to bring it into the category of economically developed countries. It is aimed

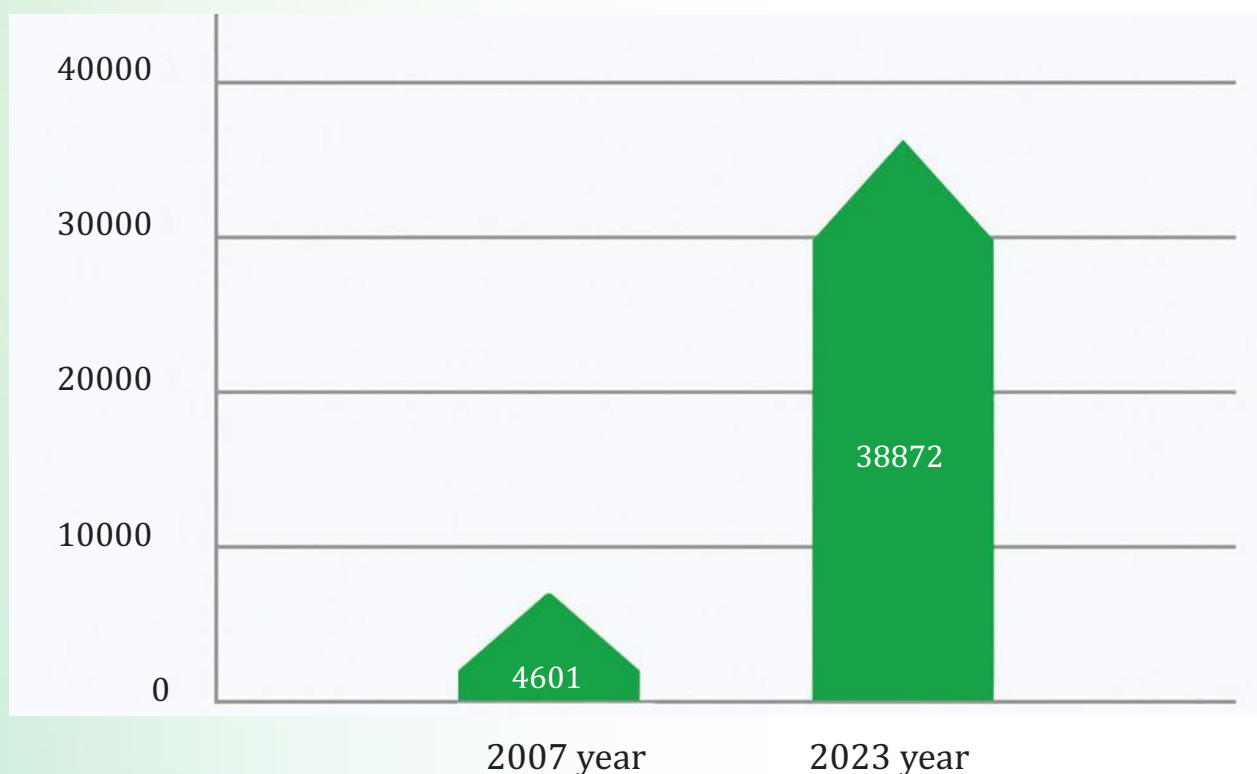


at ensuring controllability of all transformation processes, and creating a diversified, sustainably developing economy. In accordance with this, the main emphasis is on further strengthening the geopolitical position of the country through the creation of transnational transport communications, radical diversification of the economy and increasing the contribution to sustainable economic growth of high-tech manufacturing industries, as well as environmentally friendly technologies, the organization of production that produces products competitive in the world market.

The main directions of investment policy of Turkmenistan are:

in the Oil and Gas Industry – the creation of alternative options for bringing Turkmen energy resources to the world market through the construction of an extensive pipeline system and long-term partnership with leading international companies for the effective development of hydrocarbon resources, deep exploration and development of fields both onshore and on the shelf of the Caspian Sea in order to increase volumes their extraction, processing and export;

Investments in fixed assets, million manats





in the Chemical Industry – increasing the production of chemical products, including the construction of new complexes for the production of nitrogen and phosphate fertilizers, caustic soda, iodine, chlorine, bromine and products made from them, as well as the modern chemical enterprise for the integrated development of the unique mineral resources of the Garabogazgol Bay and others;

in the Textile Industry – the further attraction of foreign investment, increase the volume of cotton fiber processing, creation of new jobs in the industry, introduction of advanced technologies and innovations into production, expansion of mutually beneficial cooperation with partners and investors, increasing the production of competitive products to saturate both domestic and foreign markets, as well as develop import substitution;

in other industries – diversification and development of both export-oriented and import-substituting industries based on the use of local raw materials;

the Agro-Industrial complex – the production and processing of grain and cotton, as well as the procurement and processing of wool

and leather raw materials, increasing the production of meat and dairy, fruits and vegetables, melons, fruits and berries, increasing the number of livestock and poultry, and strengthen the feed base of livestock farming.

in the Field of Transport and Communications – the further development of road, air, rail, pipeline, river and sea transport, and the creation of logistics centers, comprehensive modernization and diversification of the industry infrastructure using the most advanced equipment in order to expand the communication system, digital television and radio broadcasting, and systematic implementation of the electronic document management system;

in the Social Sphere – improving the quality and standard of living of the population, employment of the working population by creating equal economic conditions that lead to an increase in the number of jobs as well as the reconstruction and construction of hospitals, health centers, preschool children's institutions, secondary schools, cultural centers, sports schools and facilities, water supply systems, wells, sewerage systems, communication systems, housing and communal services, hotel complexes, holiday homes, etc.



in the Non-State Sector of the Economy – the creation and development of small and medium enterprises and industries producing both export-oriented and import-substituting competitive products, organization and support of dayhan (farmer) associations.

3.2. Legal Support for the Activities of Foreign Investors and Enterprises with Foreign Investments

Legal aspects of the activities of foreign investors and enterprises with foreign investments on the territory of Turkmenistan are regulated by the laws of Turkmenistan “On Foreign Investments”, “On Hydrocarbon Resources”, “On Licensing of Certain Types of Activities”, “On Currency Regulation” and other legislative acts and international treaties in force on the territory of Turkmenistan.

According to current legislation, **foreign investments can be made in the following forms:**

- 1) equity participation in enterprises jointly with legal entities and individuals of Turkmenistan;
- 2) creation of enterprises wholly owned by foreign investors, branches of foreign legal entities or

acquisition of ownership of existing enterprises;

3) acquisition of movable and immovable property, with the exception of those limited in civil circulation by the legislation of Turkmenistan;

4) provision of foreign loans and advances;

5) acquisition of property and non-property rights established by the legislation of Turkmenistan.

A foreign investor in Turkmenistan can be:

- a foreign legal entity, including its branch and representative office in Turkmenistan;
- international organization;
- a foreign individual, as well as a stateless person, permanently residing in the territory of a foreign state at the time of investment;
- a citizen of Turkmenistan who has a permanent place of residence outside of Turkmenistan.

Turkmenistan provides legal protection, guarantees and benefits to enterprises with foreign investment from the date of registration of the investment project.

The legislation of Turkmenistan provides for the following **state guarantees for the protection of foreign investments:**



- legal protection;
- ensuring a visa regime and stay in the territory of Turkmenistan;
- compensation upon requisition of the property of a foreign investor;
- export of property and information in documentary form or in a hard copy;
- to use on the territory of Turkmenistan and transfer of income and profits outside of Turkmenistan;
- of protection of intellectual property rights;
- of transfer of rights and obligations of a foreign investor and an enterprise with foreign investments to another person;
- of return of foreign investments in connection with the termination of investment activities.
- access of foreign investors and enterprises with foreign investments to information.

The legal regime for foreign investments, as well as the activities of foreign investors in their implementation, cannot be less favorable than the regime for property, property rights and investment activities of legal entities and citizens of Turkmenistan.

Foreign investors are given freedom to choose the size,

composition and capital structure of the enterprise being created.

If changes in the legislation of Turkmenistan lead to prohibitions and restrictions that worsen the legal regime of the activities of foreign investors and enterprises with foreign investments, then the legislation of Turkmenistan in force at the time of registration of foreign investments is applied to them for ten years.

Foreign investors and foreign workers are guaranteed the right to freely transfer property abroad. The procedure for moving currency, payment documents, and securities across the border is determined by the legislation of Turkmenistan on currency regulation.

The profit of a foreign investor after paying taxes remains at his disposal and can be reinvested in Turkmenistan.

Foreign investors have the right to open current and settlement accounts in banks of Turkmenistan in monetary units of Turkmenistan and other countries.

A foreign investor has the right to use the monetary unit of Turkmenistan to purchase foreign currency on the domestic foreign exchange market.



Bodies of state power and administration, local executive power and local self-government do not have the right to interfere in the economic activities of foreign investors, enterprises with foreign investments, carried out in accordance with the legislation of Turkmenistan.

Citizens of foreign states working at enterprises with foreign investment, in branches and representative offices of a foreign legal entity and members of their families who are in Turkmenistan in connection with investment activities have the right to:

- obtaining multiple-entry visas valid for at least one year;
- free movement throughout the territory of Turkmenistan.

The investor, in cases and in the manner established by the legislation of Turkmenistan, is obliged to:

- submit to the financial authorities a declaration on the volumes and sources of investments made by him;
- obtain the necessary permits and approvals from the relevant authorities and special services for capital construction;
- obtain the conclusion of the State Expertise of investment

projects regarding compliance with the rules and regulations of seismic resistance, fire and explosion safety, sanitary and hygienic, environmental and urban planning requirements.

Subjects of investment activity are obliged to:

- comply with the norms and standards, the procedure for establishing which is determined by the legislation of Turkmenistan;
- prevent manifestations of unfair competition and comply with the requirements of antimonopoly regulation;
- fulfill the requirements of government bodies and officials within the limits of their competence;
- submit accounting and statistical reports in accordance with the established procedure.

Labor relations between an enterprise with foreign investment, a branch of a foreign legal entity and their employees, including those who are not citizens of Turkmenistan, are regulated by the labor legislation of Turkmenistan.

Wages, remunerations and other sums of money lawfully received by employees of an enterprise with foreign investments, a branch of a



foreign legal entity who are not citizens of Turkmenistan, can be transferred outside of Turkmenistan in the manner established by the legislation of Turkmenistan.

Accounting, statistical records and reporting of enterprises with foreign investments, branches and representative offices of foreign legal entities on the territory of Turkmenistan are carried out in the manner established by the legislation of Turkmenistan.

The assessment of investments in the authorized capital of an enterprise with foreign investment and in the fixed assets of a branch of a foreign legal entity is carried out in the national currency of Turkmenistan in the manner established by the legislation of Turkmenistan.

Foreign investors are obliged to prevent unfair competition, including by creating an enterprise in Turkmenistan to produce a product in high demand, and then ceasing its activities in order to promote a similar product of foreign origin to the market, as well as concluding an agreement on prices or distribution of markets for goods that limit the rights of other economic entities in Turkmenistan.

Benefits and Privileges for Foreign Investors

In order to stimulate the growth of investment activity in Turkmenistan, foreign investors are provided with the following main types of benefits:

- tax;
- customs;
- visa;
- on certification.

According to the Law of Turkmenistan “On Hydrocarbon Resources”, the contractor is guaranteed protection of his rights in accordance with the principles of international law, the legislation of Turkmenistan, the license and the contract. All materials and equipment used during oil operations are exempt from customs duties and registration at the State Commodity and Raw Materials Exchange of Turkmenistan.

When carrying out petroleum work, the Contractor pays only the following taxes and payments:

- profit tax (income) of legal entities, the rate of which is established by the Tax Code of Turkmenistan and fixed in the Agreement. Moreover, this tax rate remains unchanged throughout the entire period of validity of the Agreement, even if



this rate is changed in the Tax Code of Turkmenistan;

- payments for the use of subsoil.

The Contractor's payments for the use of subsoil may include:

- royalties for the Extraction of Hydrocarbon Resources, set as a percentage of the volume of Extraction of Hydrocarbon Resources or the cost of the products produced and paid by the Contractor in cash or as a part of the extracted Hydrocarbon Resources;

- a bonus paid in the form of one-time payments upon signing the Agreement, upon the commercial opening of a Field of industrial significance, upon achieving the level of production of Hydrocarbon resources determined by the Agreement and in other cases provided for by the Agreement.

- payments for failure to fulfill obligations, guarantee and other payments.

The procedure for calculating and paying these payments and their amounts are determined by the Agreement or agreements between the parties.

In accordance with the Code of Turkmenistan "On Land", land plots are leased for construction and other non-agricultural needs for a period of up to 40 years.

Property imported into Turkmenistan is exempt from customs duties:

- as a contribution of a foreign investor to the authorized capital of an enterprise with foreign investment;
- on the basis of international treaties and contracts concluded in accordance with decisions of the Cabinet of Ministers of Turkmenistan, as an investment. In this case, the property is exempt from customs duties for the payback period of the investment project.

Certification of equipment and materials imported into Turkmenistan by foreign investors, enterprises with foreign investments, as well as their contractors and subcontractors engaged in the construction and operation of facilities in the free economic zone is carried out without charging a fee for certification services.

Enterprises with foreign investment independently determine the conditions for the sale of their products (works, services), except for products (works, services), the prices of which are regulated by the state.

In the interests of the socio-economic development of Turkmenistan on priority investment projects,



concession agreements that ensure sustainable economic growth, progressive structural changes in the country's economy, strengthening and increasing export potential, as well as increasing the level of employment of the population, the legislation of Turkmenistan may establish other benefits for foreign investors and enterprises with foreign investment.

Procedure of the State Registration of Enterprises with Foreign Investments

The following documents should be submitted for registration:

- Registration Application Form;
- Decision of the Cabinet of Ministers of Turkmenistan (when creating an enterprise with the state participation in the authorized capital);
- Decision of the founders on creation of an enterprise, on appointment of a director, as well as on approval of its charter (regulations);
- Charter (Regulations) in 2 copies;
- Foundation agreement in 2 copies (if the founders are individuals, it should be certified by a notary organization, if the founders are legal entities, it should be certified by a Registration Department);

- A copy of the charter of the foreign founder, legalized in the prescribed manner by the consular office of Turkmenistan abroad or at the Ministry of Foreign Affairs of Turkmenistan, unless otherwise provided by an international agreement to which Turkmenistan is a party;

- An extract about the foreign founder from the trade register at the place of registration of the legal entity and a letter of recommendation from the bank (Founders are individuals – foreign citizens – present a letter of recommendation from the bank and a copy of the passport), legalized in the prescribed manner by the consular office of Turkmenistan abroad or at the Ministry of Foreign Affairs of Turkmenistan, if otherwise is not provided for by an international agreement to which Turkmenistan is a party;

- Document on the assessment of the contribution (in case of a non-monetary contribution);

- Confirmation of payment of part of the authorized capital;

- Confirmation of legal address (issued by the relevant hyakimlik of the city or etrap);

- Personal sheet, copy of the passport of the founders and head of the enterprise;



- power of attorney for the head of the branch, representative office, issued in the prescribed manner;
- Certificate of the title of the enterprise issued by the Registration Department;
- Information on the activities of foreign legal entities outside Turkmenistan;
- Document confirming payment of the registration fee.

3.3. Visa Regime

Foreign citizens, stateless persons, as well as individuals and legal entities who invited them, to enter Turkmenistan and to leave Turkmenistan for the purpose of obtaining visas, contact the State Migration Service:

Within Turkmenistan – through regional branches of the State Migration Service of Turkmenistan;

Outside Turkmenistan – applies through consular and diplomatic missions of Turkmenistan in foreign countries.

Visas can be single, double or multiple entry. The following visa categories are established:

1. Diplomatic visa (DP);
2. Service visa (OF);
3. Business visa (BS1, BS2);
4. Investment visa (IN);

5. Work visa (WP);
6. Family visa (FM);
7. Sports visa (SP1, SP2);
8. Humanitarian visa (HM);
9. Private visa (PR1, PR2);
10. Student visa (ST);
11. Tourist visa (TU);
12. Transit visa (TR1, TR2);
13. Health visa (HL);
14. Driver's visa (DR);
15. Exit visa (EX).

3.4. Taxes in Turkmenistan

Taxation of foreign investors and enterprises with foreign investment, including the provision of tax benefits to them, is established by the Tax Code of Turkmenistan. The tax legislation of Turkmenistan is based on the recognition of the universality and equality of taxation.

The taxes established by the Tax Code are valid throughout the territory of Turkmenistan.

Taxes are calculated and paid in the national currency of Turkmenistan, unless otherwise established by the legislation of Turkmenistan.

Payment of taxes by non-resident legal entities of Turkmenistan, including through tax agents, can



be carried out in foreign (freely convertible) currency.

Any transaction in foreign currency for tax purposes is recalculated into the national currency of Turkmenistan at the official rate of the Central Bank of Turkmenistan on the day of the transaction, and for currencies for which there is no official rate - at cross rates to the US dollar, unless otherwise established by the Tax Code of Turkmenistan.

For tax purposes, a legal entity is recognized as a resident of Turkmenistan if:

- it was created (established) in accordance with the legislation of Turkmenistan;
- its main governing body is located on the territory of Turkmenistan.

Types and Rates of Taxes

Value Added Tax:

- value added tax - 15%;
- in relation to individual taxable transactions - 0%.

When selling goods, performing work, or providing services at fixed state prices, a rate is applied, determined by the calculation method as a percentage of the corresponding rate to this tax rate increased by 100.

Income Tax:

- 8 percent - for legal entities - residents of Turkmenistan (except for legal entities in the authorized capital of which a share exceeding 50 percent belongs to the state, except for credit institutions and state insurance organizations, as well as persons providing communication services (except for services via satellite communication), services in the field of standardization, metrology, certification and carrying out activities in accordance with the Law of Turkmenistan "On Hydrocarbon Resources" - in terms of profit from these activities and related non-sales operations);

- 50 percent - for credit institutions (except for non-state credit institutions) and state insurance organizations, as well as persons providing communication services (except for services via satellite communication), services in the field of standardization, metrology, certification - in part of the profit from this activities and related non-operating operations.

- 20 percent - for other legal entities;

- 2 percent of the gross income of legal entities of private ownership,



which, in accordance with the legislation of Turkmenistan, are classified as small and medium-sized businesses;

- 15 percent – on income in the form of dividends and other funds from equity participation in other legal entities;

- 15 percent – on income from sources in Turkmenistan from ac-

tivities that do not lead to the formation of a permanent representative office in Turkmenistan, subject to income tax (income), with the exception of income from the rental of ships or aircraft;

- 6 percent – on income from the rental of ships or aircraft without personnel.

The following rates are established for income received from gambling activities:

- for each slot machine 30 manats per day;
- for each gaming table 370 manats per day;
- for each seat 7 manats per day;
- for each square meter of premises used for this activity - 3 manats per day or
- for each payment acceptance desk 38 manats per day.

If different tax rates may be applied when carrying out a particular type of gambling activity, then the tax rate that results in the highest tax amount is applied.





Excise Tax:

Name of excisable goods	Excise rates
By goods produced	
Beer	34.5 % of the cost
Natural grape wines, strong spirits, liqueurs and other alcoholic beverages (except grape must), as well as wine materials containing alcohol: up to 20 percent inclusive over 20 to 30 percent inclusive over 30 percent	44.85% of the cost 70.15% of the cost 88.55% of the cost
Gasoline	40% of the cost
Diesel fuel	40% of the cost
By goods imported into the customs territory of Turkmenistan	
Beer	105.8% of the customs value, but not less than 10.35 manats per 1 liter
Grape wines and other alcoholic drinks containing alcohol: up to 20 percent inclusive over 20 percent	193.2% of the customs value, but not less than 44.85 manats per 1 liter 193.2% of the customs value, but not less than 70.15 manats per 1 liter
Alcohol used in the preparation of alcoholic beverages (except for those imported for medical purposes, as well as by state enterprises and consumer cooperative enterprises)	9.2 US dollars per 1 liter
Tobacco products	145% of the customs value, but not less than 6.25 US dollars per 1 pack
Other manufactured tobacco and manufactured tobacco substitutes	30.5 US dollars per 1 kg
Passenger cars (except for special emergency medical vehicles and those specially equipped for disabled people)	0.3 US dollars per 1 cubic cm engine displacement



– Subsoil Use Tax:

For taxable transactions with hydrocarbon resources:

- natural and associated gas – 22 percent;
- crude oil – 10 percent.

**For taxable transactions with other minerals,
depending on the level of profitability:**

Profitability as a percentage	Tax Rates
Up to 15% inclusive	0%
Over 15% to 17% inclusive	30%
Over 17% to 19% inclusive	32%
Over 19% to 21% inclusive	35%
Over 21% to 23% inclusive	40%
Over 23% up to 25% inclusive	45%
Over 25%	50%

– Property Tax:

The property tax rate is set at 1 percent of the tax base of the tax period.

The estimated property tax rate for the corresponding reporting period is established in the following amounts:

- 0.25 percent - of the tax base for the first quarter;
- 0.5 percent - of the tax base for the first half of the year;
- 0.75 percent - of the tax base for 9 months;
- 1 percent - of the tax base for the year.

Personal Income Tax – 10%;
For individuals – individual entrepreneurs (simplified taxation

system) receiving income from certain types of business activities, the list of which is established by the Cabinet of Ministers of Turkmenistan, the income tax rate paid on gross income is set at 2 percent of gross income.

Local Fees

Advertising Fee

Collection rates are set in the following amounts:

- 5 percent of the cost of advertising costs - for Ashgabat and Arkadag cities;
- 4 percent of the cost of advertising costs - for cities that are the centers of velayats;



– 3 percent of the cost of advertising costs - for other settlements.

Targeted Collection for the Improvement of the Territory of Cities, Towns and Rural Settlements

The target fee is set in the following amounts:

- for individuals who are individual entrepreneurs - 0.3 percent of the amount of gross income from the sale of goods (works, services), reduced by the accrued amounts of value added tax, but not less than 5 manats per month;
- for other individuals - 5 manats per month;
- for agricultural enterprises - 0.5 percent of the amount of profit accepted for calculating income tax;
- for other legal entities – 1.5 percent of the amount of profit accepted for calculating income tax.

Collection From Car Park Owners

The fee rate is set for one square meter of parking area in the amount of:

- 1.5 manats - for Ashgabat and Arkadag cities;

– 1.2 manats - for cities that are the centers of velayats, and Turkmenbashi city;

- 0.9 manat - for other settlements.

Collection from Car Sales

Tax rates for the sale of cars are set in the following amounts based on the base value established by the legislation of Turkmenistan for calculating taxes and fees:

for passenger cars:

- engine power up to 2,000 cubic centimeters – 10 times the value;
- engine power over 2,000 cubic centimeters and up to 3,500 cubic centimeters – 20 times the value;
- engine power over 3,500 cubic centimeters – 40 times the value;
- those that have been in operation for ten years without taking into account the year of manufacture and engine power – 10 times the value.

For buses:

- 10-15 local – 10 times the value;
- 16-25 local – 20 times the value;
- More than 25 local – 30 times the value.


For trucks:

- Loading capacity up to 5 tons - 10 times the value;
- Load capacity over 5 tons and up to 10 tons – 20 times the value;
- With a lifting capacity of over 10 tons – 40 times the value.

Collection from vehicle owners

Tax rates for vehicle owners are set in the following amounts from the base value established by the legislation of Turkmenistan for calculating taxes and fees:

For motor vehicles – 2 times the value;

For passenger cars:

- engine power up to 2,000 cubic centimeters – 4 times the value;
- engine power over 2,000 cubic centimeters and up to 3,500 cubic centimeters – 6 times the value;
- engine power over 3,500 cubic centimeters – 10 times the value;
- those that have been in operation for ten years without taking into account the year of manufacture and engine power – 4 times the value;

For buses:

- 10–15 local – 4 times the value;
- 16–25 local – 6 times the value;

- More than 25 local – 10 times the value;

For trucks:

- loading capacity up to 5 tons – 10 times the value;
- load capacity over 5 tons and up to 10 tons – 20 times the value;
- with a lifting capacity of over 10 tons – 30 times the value.

In order to avoid cases of double taxation, Turkmenistan has concluded international agreements with a number of countries:

1. Islamic Republic of Pakistan
2. Republic of Türkiye
3. Islamic Republic of Iran
4. Republic of Uzbekistan
5. Republic of Slovakia
6. Republic of India
7. Republic of Kazakhstan
8. Republic of Armenia
9. Georgia
10. Russian Federation
11. Ukraine
12. United Arab Emirates
13. Republic of Belarus
14. Republic of Tajikistan
15. Romania
16. Malaysia
17. People's Republic of China
18. Kingdom of Bahrain



19. Republic of Estonia
20. Republic of Latvia
21. Swiss Confederation
22. Republic of Moldova
23. Republic of Lithuania
24. Republic of Croatia
25. Republic of Korea
26. Republic of Austria
27. Republic of Finland
28. Czech Republic
29. Kingdom of Saudi Arabia
30. Hungary
31. United Kingdom of Great Britain and Northern Ireland
32. Federal Republic of Germany
33. Kyrgyz Republic
34. Republic of Azerbaijan
35. Republic of Singapore

In addition, Turkmenistan recognizes double taxation agreements concluded by the former USSR with foreign countries such as:

1. USA
2. French Republic
3. Japan
4. Kingdom of Belgium

Turkmenistan recognizes the priority of the norms of international treaties over domestic legislation.

If necessary, the tax service, at the request of a legal entity – a non-resident of Turkmenistan, issues a document confirming the fact of payment of profit (income) tax in Turkmenistan.

In order to be exempt from paying profit tax (income) or to provide other tax privileges, the taxpayer must submit an application to the tax service of Turkmenistan, as well as official confirmation that he is a resident of the state with which Turkmenistan has entered into an agreement valid during the relevant tax period (or part thereof) treaty (agreement) on the elimination of double taxation.

Confirmation and application can be submitted both before payment of tax or advance payments of tax, and within three years after the end of the tax period, based on the results of which the taxpayer claims to receive tax exemption or privileges.

The Tax Code of Turkmenistan provides special benefits for the payment of value added tax, profit tax and property tax for:

- agricultural enterprises and persons engaged in the production of agricultural products;



- educational institutions and persons carrying out activities in the field of education;
- subjects of national tourist zones;
- healthcare institutions and enterprises and persons providing healthcare services;
- investment pension funds;
- public associations;
- religious organizations;
- cinemas and cinema and concert centers;
- persons who are participants in free economic zones (with the exception of free economic zones of the tourist and recreational type);
- and etc.

It should also be noted that value added tax is not paid when performing certain types of work.

In addition, excise goods imported into the customs territory of Turkmenistan are not subject to excise taxes:

a) as humanitarian aid to Turkmenistan, as well as within the framework of free technical assistance provided by foreign states in accordance with intergovernmental agreements;

b) intended for official use of foreign diplomatic and equivalent

missions, international organizations or for personal use by diplomatic or administrative and technical personnel of these missions, international organizations, including members of their families living with them;

c) for personal consumption by an individual – 1 liter of alcoholic beverages and beer, 2 packs of cigarettes;

d) imported passenger cars intended for use in providing intermediary services for receiving applications for visas and, within their limits, additional services only to diplomatic missions and consular offices of foreign states in Turkmenistan.

Services for the production (manufacturing) of gasoline and diesel fuel from customer-supplied raw materials (crude oil) owned by foreign legal entities are exempt from excise tax, subject to the subsequent export of these products outside of Turkmenistan.

Export of products obtained after processing crude oil and gas condensate purchased from parties that are not residents of Turkmenistan is exempt from excise duty. A prerequisite for the application of such an exemption is



the direct implementation of such export by legal entities that are residents of Turkmenistan and carry out the actual processing.

In addition, operations involving the transfer of excisable goods as humanitarian and (or) charitable assistance in accordance with intergovernmental agreements, as well as on the basis of decisions of government authorities, are exempt from excise tax.

3.5. Legislative Acts Regulating Work in Free Economic Zones

Turkmenistan has entered a new stage in the development of free economic zones. This is evidenced by the adoption of the Law of Turkmenistan “On Free Economic Zones” in October 2017, which defines the legal, organizational and economic basis for the creation, operation and liquidation of free economic zones on the territory of Turkmenistan.

According to the Law, trade zones can be created on the territory of Turkmenistan, including free trade zones and export zones, industrial production zones, including export-import and industrial parks, technology-innovation zones, includ-

ing technology parks and technopolises, service zones, specializing in the provision of financial and credit, banking, tourist and recreational, information and other services, transport and logistics, including ports, agro-industrial, as well as complex ones, combining the functions of various functional types of free economic zones.

A free economic zone on the territory of Turkmenistan can be created for a period not exceeding forty years, subject to its extension if its activities are in the interests of the national economy of the country and consistent with the goals of creating this free economic zone.

At the stage of creating a free economic zone, its independent budget can be formed at the expense of raised funds, investment, trust and other funds and other financial resources not prohibited by the legislation of Turkmenistan. According to the Law, financing related to the functioning of a free economic zone at the stage of its creation can be carried out at the expense of the State Budget of Turkmenistan.

According to the legislative acts of Turkmenistan, the country has a



special legal regime for SEZs, thanks to which a 10-year grace period for collecting land rent is applied to the participants of this zone, that is, they are exempt from land rent for 3 years from the date of conclusion of the agreement. Rent for land over the next 7 years is charged at 50 percent of the rate established by the legislation of Turkmenistan, and after this period – in full.

Investors of Turkmenistan and foreign countries in the territory of the FEZ have the right to sublease property, property rights and assign rights of use by mutual consent of the parties who signed the lease agreement or their legal successors, with the exception of the lease of a land plot. Use rights can be used by the investor as collateral.

According to the Law of Turkmenistan “On Foreign Investments”, foreign investors, enterprises with foreign investments operating in the territory of the free economic zone are exempt from paying consular and registration fees, exchange fees for registration of contracts, rent for land plots in the manner and on the terms, provided for by the legislation of Turkmenistan, deductions from profits to extra-budgetary funds.

There are special conditions for carrying out foreign economic activity in Turkmenistan. According to the Law of Turkmenistan “On Foreign Economic Activity”, a special legal regime may be established in the territory of free economic zones of Turkmenistan for the implementation of certain types of foreign economic activity.

In the territory of a free economic zone, in accordance with the Law of Turkmenistan “On Licensing of Certain Types of Activities,” legal entities have the right to carry out activities without a license in the prescribed manner, provided that the specified activity is limited to the territory of this zone, and (or) on the terms of a concession agreement.

On the territory of the free economic zone there is a free pricing regime for all types of goods (works, services) produced.

Taxation of participants in free economic zones, including the provision of tax benefits to them, and other persons carrying out investment and business activities in the territory of free economic zones is established by the tax legislation of Turkmenistan.

According to the Tax Code of Turkmenistan, a special tax regime



is offered for subjects of special economic zones; in particular, no value added tax is paid when selling goods, performing work, or providing services for persons who are participants in free economic zones. Value added tax is also not paid on goods (except for excisable goods), works and services, the sale of which (taxable transactions performed) is carried out by persons who are participants in free economic zones.

During the first ten years of operation, legal entities that are participants in free economic zones are exempt from property tax and income tax. In addition, during the first ten years of work, the income of individual entrepreneurs without forming a legal entity who are participants in free economic zones is not subject to taxation.

According to the Law of Turkmenistan "On state support for small and medium-sized businesses", for small and medium-sized businesses, by decision of the Cabinet of Ministers of Turkmenistan, financial resources can be provided at the expense of the state to finance the development of entrepreneurship, provide grants for the introduction of new

and environmentally friendly technologies and innovations, and construction of infrastructure related to the creation of special economic, trade and industrial zones, including for the construction of systems and engineering support facilities, and equity participation in capital investment projects.

In accordance with the customs legislation of Turkmenistan, the customs regime of the free customs zone (free warehouse) is applied to goods imported into the territory of the free economic zone. A free customs zone is understood as a customs regime in which foreign goods are placed and used within a free economic zone without paying customs duties, as well as without applying prohibitions and restrictions of an economic nature established by the legislation of Turkmenistan to these goods. Domestic goods in a given territory are placed and used under the conditions applicable to export in accordance with the customs export regime.

When exporting foreign and Turkmen goods placed under the free customs zone (free warehouse) regime from the territory of the free economic zone outside the customs



territory of Turkmenistan, export customs duties are not collected and prohibitions and restrictions of an economic nature are not applied to these goods.

Labor relations in the free economic zone are regulated by the labor legislation of Turkmenistan, labor and collective contracts (agreements). Local labor resources, as well as persons living in other regions of Turkmenistan, foreign citizens, and stateless persons can be attracted to work in the free economic zone.

Registration of foreign participants in the free economic zone, citizens of foreign states and stateless persons intending to work in this territory is carried out in a simpli-

fied manner. According to the Law of Turkmenistan "On Migration", a simplified registration procedure is determined by the State Migration Service of Turkmenistan.

The stability of the conditions for conducting investment and entrepreneurial activities in the territory of the free economic zone is guaranteed by the state to the subject in a free economic zone as well as the observance of the rights and legal interests of a subject in a free economic zone is guaranteed.

The legislation of Turkmenistan on investment activities and foreign investments guarantees the protection of rights and investments to investors in a free economic zone.





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