



# Caspian Sea's Basin countries

## Industrial & Trading Exhibition pavilion & Forum

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# Economy of Turkmenistan

Turkmenistan's economy is 82nd among the world's economies in terms of GDP at PPP (as of 2018).

Natural gas is the backbone of Turkmenistan's economy, with energy exports accounting for the bulk of government revenues.

Agriculture is the source of livelihood for more than half of the country's population.

Turkmenistan is one of the world's top ten producers of cotton, for the cultivation of which approximately half of all irrigated land is allocated.

GDP structure by sectors in 2019 the share of the service sector was 21.6%, industry and construction 60.4%, agriculture 8.9%, trade 3.6% transport 5.5%.

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# Turkmenistan's foreign trade in 2020

In 2020, Turkmenistan's foreign trade, like that of many countries around the world, was affected by the global economic crisis, but we have seen an improvement in the epidemic, as well as in the fight against the corona virus.



# Turkmenistan's foreign trade in 2020





The changes in the world over the past year and a half could not help but have a negative impact on most economic indicators, including at the macro level. In particular, the coronavirus pandemic, which affected most countries of the world, and the restrictions imposed in connection with it had a negative impact on world foreign trade. This affected both quantitative foreign trade indicators and structural changes in this industry.

The foreign trade of Turkmenistan also underwent significant transformation in the above-mentioned directions.

# Foreign trade turnover in 2020

- ▶ Thus, overall in 2020, which was the first year of the pandemic, Turkmenistan's foreign trade turnover decreased by almost 18% and exports by 30%. This is primarily due to a decrease in economic activity in all states, including our country's main foreign trade partners, and, accordingly, a drop in demand for energy, which is the basis of Turkmenistan's export potential.
- ▶ In particular, exports of natural gas decreased by 10% compared to 2019, while exports of oil products decreased by more than 20%.

# Indicators in 2021

In 2021, there is a stabilization of the global economy, which positively affects the performance of Turkmenistan's foreign trade.



- ▶ *For example, in the first 4 months compared to the previous year, the rate of decline in foreign trade turnover amounted to 3.2%, while exports decreased by only 0.3%, amounting to more than 2.5 billion dollars. The foreign trade surplus amounted to \$824.9 million, which is 18.4% higher than in 2020.*
- ▶ The decrease in the total volume of domestic exports was affected by the decrease in the value of natural gas by 17.8%, which is explained by negative trends in the price situation on the world market for this product. At the same time, the physical volumes of external supplies of natural gas increased by 24.1%, oil products - by 23.5%, and gasoline produced from natural gas - by 50.4%, as compared to 2020.
- ▶ In the export of fuel and energy resources, there is also a growing trend in the supply of petroleum coke and petroleum products, the increase in the value of which amounts to 124.7% and 26.8%, respectively.

# Structural changes

*It is also necessary to note significant structural changes in foreign trade in 2021. Thus, the volume of exports without fuel and energy resources increased by 69.1% compared to the four months of the previous year and amounted to 546.8 million U.S. dollars. Moreover, if in 2020 the share of this group was 12.8% in total exports, this year it reached 21.7%.*

At the same time, the growth rate of value volume of exports of electricity was 55.5%, sulfur - 3.0 times, fertilizers - 36.5%, glass and glassware - 105.2%, pipes, hoses and plastic fittings - 4.0 times, textile materials - 63.2%, iodine - 4.8%, wool - 49.8%, licorice root extract - 57.9%, flour confectionery products - 3.8 times, vegetables - 102.8%.



*The basis of external supplies of vegetables are tomatoes - about 87%. This is the main export food item of Turkmenistan. During the analyzed period, about 37.6 thousand tons of tomatoes worth 41.4 million dollars were exported. At the same time, more than 92% of exports go to the EAEU countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia).*

For 4 months of the current year, the total volume of imports amounted to more than 1.69 billion dollars and decreased in comparison with the previous year by 7.4%. At the same time, the import of technological equipment increased by 23.7%, and raw materials and supplies on the contrary decreased by 19.4%. Imports of non-food consumer goods decreased by 5.2%, and food products - by 11.5%.

# Geographical structure of foreign trade

There were also quite significant changes in the geographical structure of foreign trade. Thus, the foreign trade turnover with EAEU countries decreased by 9%. However, this was due to a significant decrease in imports from Russia - by 46.5%. For other EAEU countries there was an increase in foreign trade turnover, Turkmen exports, as well as imports. In particular, export supplies to Armenia increased fivefold, to Kazakhstan and Kyrgyzstan - approximately twofold, to Belarus - 22.6% and to Russia - 35%.



# Turkmenistan's main suppliers have strengthened their position in 2020.

- ▶ In 2020, imports of capital goods and industrial materials still dominate Turkmenistan's imports. In addition to the traditional main imports of machinery and equipment (\$594 million or 19.6% of imports) and electrical appliances (\$218 million or 7.2% of imports), imports of raw and processed iron and steel will increase by 14.2% next year. Next year, imports of raw and processed iron and steel (\$490 million, or 16.2% of imports), mainly from Russia and China, will increase by 14.2%.



- ▶ Turkey (\$787 million, 26.0% pdm) remains the country's top supplier in 2020, with a presence in all sectors and a 5.7% increase in sales.



- ▶ Russia retained 2nd place (\$649 million, 21.5% pdm) thanks to sales growth (+19.5%, thanks to sales of \$246 million of iron and steel products - particularly pipes for gas pipelines).



- ▶ Turkmenistan's third largest supplier, China (14.7% pdm), increased its exports (\$445 million, +3.2%) thanks to sales of machinery (\$169 million) and iron and steel pipes (\$44 million).



- ▶ Germany (6.3% pdm), whose exports to Turkmenistan are traditionally dominated by machinery, also saw an increase in sales in 2020 (USD 192 million, +7.6%) thanks to sales of USD 28 million CLAAS tractors made in Germany (in the previous two years they were considered French exports because they were built in Le Mans).



Japan (5th supplier with 3.8% pdm) increased its exports to Turkmenistan 10-fold in 2020 (\$116 million, up from \$12 million in 2019) thanks to a \$94 million supply of gas turbines.



In 2020, France was the 6th largest supplier to Turkmenistan with a market share of 2.8 percent (\$85 million according to the International Trade Center, €74.3 million according to French customs). Although France retained this position compared to 2019, it is noteworthy that the gap between France and other suppliers to Turkmenistan increased as they all increased their exports in 2020, while French sales decreased by 24.0% due to the timing of the 2017-2020 CLAAS combines and tractors contract.

# Conclusion

Important steps were taken in 2020-2021 to facilitate Turkmenistan's integration into international markets. In an EU-funded project, Turkmenistan partnered with the International Trade Center (ITC) to create an online one-stop store in the country and provide detailed information on export and import procedures by type of product. Finally, it should be noted that Turkmenistan was granted observer status in the World Trade Organization (WTO) in July 2020; the government of Turkmenistan aims to move closer to WTO standards in order to increase foreign trade and attract foreign investment, while maintaining a certain independence from the organization.

