

# TURKMENISTAN





## HIGHLIGHTS

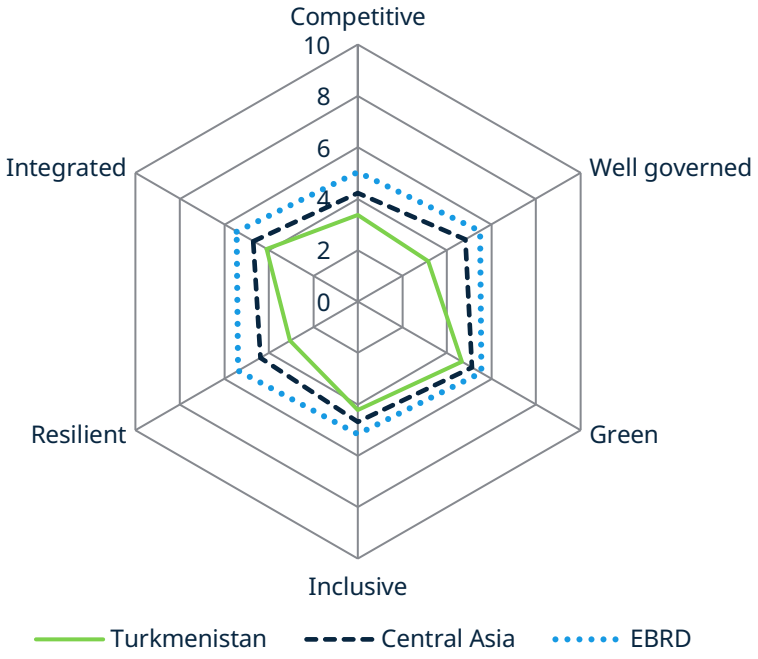
- **Economic growth remains strong and is on course to reach the government's target of 6.3 per cent in 2026, according to official statistics.** Public investment, especially in housing, natural resources and manufacturing, remains the main driver of growth, while low taxes and input costs continue to support private-sector expansion.
- **Turkmenistan's digital transformation is gathering pace** thanks to the 2026-28 Digital Economy Programme, which aims to boost digital adoption by fostering innovation, skills development and the use of artificial intelligence (AI).
- **Expansion of the hydrocarbon sector remains a key driver of economic growth.** New agreements with China National Petroleum Corporation (CNPC) on the fourth phase of the Galkynysh gas field and with Malaysia's Petronas on offshore Caspian blocks are expected to boost production capacity and encourage further upstream investment, reinforcing the sector's pivotal role in the economy.

*For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.*

## KEY PRIORITIES FOR 2027

- **Prioritise the commercialisation of the banking sector.** Gradually reducing state-directed and state-financed lending would strengthen market-based incentives, encourage deposit mobilisation, improve underwriting standards, accelerate digitalisation and expand access to finance for private businesses. Better capital allocation would help raise investment, productivity and economic diversification.
- **Diversify natural gas exports and utilisation to boost economic resilience.** Efforts should continue to expand export capacity towards southern and western markets while increasing the use of gas in power generation and the production of higher-value products, including fertilisers, fuels and polymers. This would reduce the country's dependence on a limited number of export markets and increase domestic value added.
- **Modernise railway infrastructure and link it to the new China-Kyrgyzstan-Uzbekistan railway to unlock Turkmenistan's potential as a regional transit hub.** Combined with improvements in border management and trade facilitation measures, rail investments would lower transport costs and encourage private investment in logistics and transport services, strengthening competitiveness and regional integration.

## ASSESSMENT OF TRANSITION QUALITIES (1-10)




*For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.*

## KEY REFORMS AND POLICY DEVELOPMENTS[1]

**Development of the digital economy**

- In early 2026 the country approved the State Programme for the Development of the Digital Economy for 2026-28 and an accompanying action plan, aiming to expand digital tools across the economy, introduce innovative technologies, develop a national AI strategy and strengthen digital skills.

1 From the fourth quarter of 2025 to October 2026.

- The authorities also announced banking-sector digitalisation measures, including fintech development and information and communications technology upgrades at the central bank and selected state-owned commercial banks.

**The Ashgabat-Turkmenabat highway**

- In April 2026 the country completed the 600 km Ashgabat-Turkmenabat highway with the opening of the Mary-Turkmenabat section, strengthening road connectivity from the capital towards Uzbekistan.

**Digital customs**

- In July 2026 Turkmenistan and Azerbaijan piloted the eTIR electronic customs data exchange for transit cargo on the Azerbaijan-Turkmenistan-Uzbekistan and Turkmenistan-Azerbaijan-Türkiye routes. The system simplifies border procedures, reduces paperwork and improves efficiency on the European-Central Asian corridor.

**Data quality**

- In June 2026 the country signed a World Bank advisory agreement to enhance the quality of national statistics. This includes aligning the country's compilation methodology with System of National Accounts 2025 standards and improving gross domestic product (GDP) measurement.
- The initiative also covers digital data collection, price and purchasing-power statistics, staff training and pilot surveys to improve economic data quality.

**Upstream hydrocarbon production**

- In April 2026 Turkmengaz and China's CNPC signed a contract for the design, construction and commissioning of the fourth phase of the Galkynysh gas field, one of the world's largest gas deposits. The project is expected to add 10 billion cubic metres of annual commercial gas production capacity, reinforcing the country's gas cooperation with China.
- In June 2026 Malaysia's Petronas signed a production-sharing agreement with the Turkmennebit state oil concern and Hazarnebit state-owned oil enterprise for offshore blocks 19 and 20 in Turkmenistan's Caspian sector, with an agreement to conduct 2D seismic studies on further northern offshore blocks. The agreements expand Petronas's upstream presence, with exploration activities reportedly set to start in December 2026.