Responding to the Coronavirus Crisis
Update on Turkmenistan (13/05/20)

Key short-term priorities
Prepare for an outbreak of COVID-19 epidemic, reduce non-priority spending, target assistance to vulnerable businesses, households

EBRD Policy Comparator

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Economic channels of disruption
Exports, services
- Turkmenistan depends on China for most of its gas exports (more than 90% of Turkmen gas exports in 2018)
- The spread of the coronavirus has caused the growth of total Chinese gas imports to decelerate to 2.8% y/y in the first two months of 2020, from 18.5% growth y/y a year earlier
- Services sector (esp. transportation) is significantly affected by restrictions and falling demand
- Reduced FX inflows have already translated into tighter FX restrictions, interfering with private sector activities

Selected crisis impact indicators
- **EBRD GDP growth outlook**
  - (May 2020) 2020: 1%
  - (May 2021) 2021: 6%
- **Official exchange rate**
  - (May 2020) 3.5 manat per USD
- **Parallel market exchange rate**
  - (May 2020) 22.5 manat per USD (up from 21 in April)

Crisis response measures to date
Support for healthcare, workers and businesses
- Border closures for foreigners, ban on air travel to/from affected countries, limited intercity transportation
- Budget to be revised to preserve jobs and businesses (including tax holidays), reduce non-priority spending on construction
- Tax/loan holidays to be proposed for transportation sector
- Price controls and import substitution for fruits and vegetables to ensure food safety
- No restrictions on public gatherings
- Government is working with the UN to prepare an action plan to tackle the impact of coronavirus

Selected crisis response indicators
- Direct support to businesses
  - To be proposed by the Cabinet of Ministers
- Payment holidays
  - To be proposed by the Cabinet of Ministers
- Foreign currency restrictions
  - Mandatory conversion of wages in foreign currency to local currency at the official exchange rate, restrictions on current international payments

Parallel market exchange rate (May 2020) 22.5 manat per USD (up from 21 in April)

To learn more about EBRD’s support to Turkmenistan visit: [https://www.ebrd.com/turkmenistan.html](https://www.ebrd.com/turkmenistan.html)

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