

Responding to the Coronavirus Crisis

Update on Turkmenistan (13/05/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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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% 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

Key short-term priorities

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