## Responding to the Coronavirus Crisis
### Update on Turkmenistan (13/04/20)

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

### 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

#### 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

### Selected crisis impact indicators

**EBRD GDP growth outlook (April 2020)**
- [new forecasts out on May 13]

**Official exchange rate**
- (April 2020)
- 3.5 manat per USD

**Parallel market exchange rate**
- (April 2020)
- 20.6 manat per USD
  (up from 19.6 a week earlier)

**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

### EBRD Policy Comparator

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<th>Financial Sector</th>
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<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
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<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social cont. deferred</td>
<td>Loan subsidies</td>
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![EBRD Policy Comparator Table](image-url)