

TURKMENISTAN

DOVLET AHATOV, Head of Delegation

On behalf of the Government of Turkmenistan I am pleased to greet this distinguished gathering. I would like to express gratitude to the President of the Asian Development Bank (ADB), Mr. Haruhiko Kuroda, the staff of ADB, as well as to the Government of Spain and Madrid city for the organization of this 41st Annual Meeting.

I will begin my statement with a brief description of the latest achievements of the Turkmen economy.

The new reform policy of the President of Turkmenistan is aimed at strengthening and augmenting the economic strength of the state, providing for sustainable growth, increasing the standard of living, and developing all spheres of the state and society.

These tasks will be implemented mainly through modernization of the economy and maintenance of high rates of economic growth, particularly industrial innovation, development of transport infrastructure, and services. Further reform of education, health care, and science will provide for the resolute, progressive development of the state and strengthen its competitiveness. There will be continued diversification of the economy and an increase in exports of goods with high value added. Priority will still be given to the development of energy, petrochemicals, and the agriculture sector.

Further refinements to the economic structure will develop manufacturing industries in order to:

- use the resource potential of the state more efficiently, and
- perform qualitative transformations in the economy through intensive development of manufacturing enterprises in various areas of industry.

Increasing the availability of alternative routes for the hydrocarbon exports is one of the main objectives of the President of Turkmenistan. We have far-reaching programs to bring the energy resources of the country to the world markets. Work has already started on construction of the Caspian gas pipeline Turkmenistan–Kazakhstan–Russian Federation and the gas pipeline Turkmenistan–People’s Republic of China. Turkmenistan continues to support the construction of a gas pipeline Turkmenistan–Afghanistan–Pakistan–India, a Trans-Caspian gas pipeline to Europe, and other export routes for our natural gas.

The integration of Turkmenistan into the world economic community is essential to the new strategy of further economic growth. At the end of 2007, the construction of the north–south corridor began to link the railroads of the Russian Federation, Kazakhstan, Turkmenistan, and Iran to the Persian Gulf and Indian Ocean. This corridor will provide for an opportunity to use the

advantageous geographical position of Turkmenistan to increase the turnover of goods both within the state and between the states of Europe and Asia.

The creation of the tourist zone of Avaza is a crucial part of the new reforms and it will become a priority in enlarging international economic ties. In Avaza, favorable treatment will be given to foreign and domestic investors in tourism. The measures proposed include a simplification of the visa regime for tourists, tax concessions (for the period of construction and for 15 years after commissioning the investors will be exempted from property tax, profits tax, and VAT), customs and exchange privileges, licensing and certification, payment of land rent, and free repatriation of the earnings. The Government of Turkmenistan plans to invest over US\$1 billion in Avaza.

At the end of 2007, a national program of the President of Turkmenistan to upgrade the social and residential conditions for the residents of rural human settlements until 2020 was approved. The envisaged investments to finance construction are expected to total about 72.5 trillion Turkmen manats. The program will include the construction of houses, schools, kindergartens, medical facilities and sport centers, as well as the construction of local roads, water supply and sewerage facilities, power transmission and communications lines.

I would like to name some of the most important results for the first quarter. In January-March 2008, the positive trends in the economy of Turkmenistan continued. Gross output grew by 120.3% compared with the same period in 2007. All branches of the economy contributed to this high growth.

The foreign trade surplus amounted to US\$896.5 million, i.e. 27.3% more than the same period in 2007. The state budget surplus equaled 3.1 trillion Turkmen manats. In the expenditures of the state budget, the main share was for financing the social development of the state. Over the period under review, the financing of social and public services absorbed 71.7% of the state budget expenditures. Over this period, investments in the economy of Turkmenistan totaled 3.7 trillion Turkmen manats, i.e., 57.7% higher than the same period in 2007.

The financial sector is undergoing a number of reforms. On 1 May 2008, Turkmenistan established an official uniform foreign exchange rate. Much work has been done within the context of the socioeconomic reforms initiated by President of Turkmenistan to develop this uniform exchange rate. This measure and the forthcoming redenomination of the national currency in 2009 are aimed at strengthening and developing further the national economy, integrating it into the global economy.

The Government of Turkmenistan appreciates its cooperation with ADB greatly. The results of our cooperation over previous years will provide a strong base for our further mutually beneficial relationship.

We note with satisfaction the active and dynamic work of ADB in Turkmenistan in implementing regional projects on power engineering and infrastructure development. We see many opportunities for our further mutually beneficial cooperation.

We are confident that in future ADB will continue its cooperation with Turkmenistan and will contribute even more to the successful socioeconomic development of the country.