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TURKMENISTAN

Geldymurad Abilov, Governor

On behalf of the Government of Turkmenistan, I would like to greet this distinguished gathering and to express gratitude to the President of the Asian Development Bank, Mr. Kuroda and the staff of the Asian Development Bank (ADB). I would also like to thank the Government of India and the city Hyderabad for the organization of the 39th Annual Meeting of the Board of Governors of ADB.

I would like to begin my statement with a brief description of the recent achievements of the economy of Turkmenistan. Having chosen from the outset a phased approach to structural reforms and to the transition to a market economy, Turkmenistan intends to continue these reforms with the aim of building a developed and socially-oriented state.

This year is significant for Turkmenistan, as we will celebrate the fifteenth anniversary of our independence. Over this rather short period of time, Turkmenistan has transformed itself into an intensively developing country with significant industrial potential, a powerful fuel and energy sector, and a developed infrastructure. These successes have been due to the socioeconomic reforms that have taken place since the first day of the independence. The Turkmenistan economy is now very market-oriented and is open for the entire world.

Over recent years, the economy of Turkmenistan has achieved impressive results. Rates of real GDP growth were 17% over the past 5 years. At the same time, practically all sectors of the national economy experienced growth. Inflation rates were insignificant and remained within the targeted limits. The tough monetary policy of the Central Bank of Turkmenistan has stabilized the economy and restrained inflationary tendencies. A steady fiscal policy helped to balance the state budget in 2005. The state budget for this year is within the projected parameters.

Over the past 5 years, the balance of payments has improved significantly. The current account improved, partly because of increases in oil and gas exports, but also because of the surge in exports of electricity, light industrial products, and cotton fiber. Foreign trade continues to increase rapidly. In 2005, the volume of foreign trade was twice that of 2000. In 2005, the foreign trade surplus of Turkmenistan was US\$1.3 billion.

It should be noted that over recent years, state and private capital has been invested in increases in manufacturing efficiency and labor productivity, including growth in the quantity and quality of new jobs. In line with investments in the fuel and energy, significant investments have also been made in processing industries, procurement of machinery and equipment for the construction sector, agriculture, and transport. In 2005, investments in manufacturing and the socio-cultural sector represented 26% of the GDP. The economic



results over the recent years created a good base for further strengthening of the economy growth.

At present, the development of the private sector is a priority. Here, tax reforms will play a very important role. Following tax system reforms, the tax on the gross income of private producers and entrepreneurs was reduced to 2% at the end of 2005. Agriculture was exempted from taxes. These measures are a strong incentive for the development of private enterprises and individual entrepreneurs.

Turkmenistan's national program "Strategy of economic, political and cultural development of Turkmenistan until 2020" has made an important contribution to the prosperity and social security of the population. The national program "Strategy of economic, political and cultural development of Turkmenistan for the period until 2020" aims to transform the economy and deals mainly with the development of natural resources in a multi-structured, socially-oriented economy. According to the national program, considerable investments have been made into the modern infrastructure, including roads, high-quality housing, medical facilities, and communal networks.

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

We note with satisfaction the active and dynamic work of ADB in Turkmenistan, particularly the regional power engineering and infrastructure development projects. We see many opportunities for further active mutually beneficial cooperation. We are confident that in future ADB will continue cooperation with Turkmenistan to make even more positive contributions to the socioeconomic development of the country.