

TURKMENISTAN

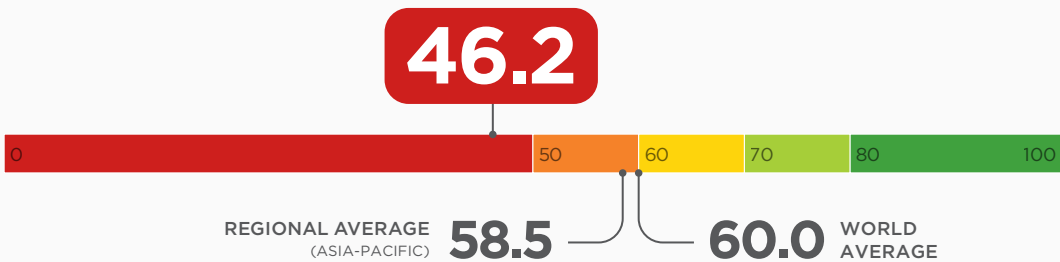
WORLD RANK: **165** | REGIONAL RANK: **38**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Turkmenistan's economic freedom score is 46.2, making its economy the 165th freest in the 2022 *Index*. Turkmenistan is ranked 38th among 39 countries in the Asia-Pacific region, and its overall score is well below the regional and world averages.

Over the past half-decade, Turkmenistan's economic growth gained strength from 2017 through 2019, slowed significantly in 2020, and recovered in 2021. A five-year trend of anemic economic freedom has continued. With slight increases in scores for **labor freedom** and **investment freedom** outweighed by lower scores for rule of law, Turkmenistan has recorded a 1.2-point overall loss of economic freedom since 2017 and is among the world's most "Repressed" countries. Comparisons of **government spending** and taxation are largely meaningless in this tightly authoritarian economy. Several other indicators are among the lowest in the *Index*.

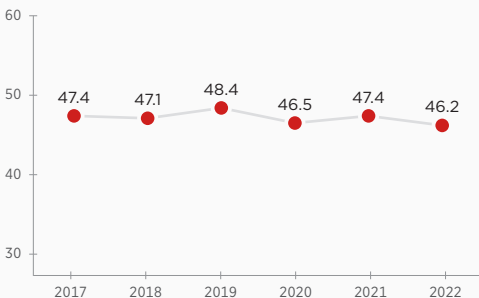
IMPACT OF COVID-19: As of December 1, 2021, data on the number of deaths attributed to the pandemic in Turkmenistan were not available, and the government's response to the crisis ranked 37th among the countries included in this *Index* in terms of its stringency. The economy grew by just 0.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +11.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.0 million

GDP (PPP):
\$98.2 billion
0.8% growth in 2020
5-year compound annual growth 5.2%
\$16,521 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
7.6%

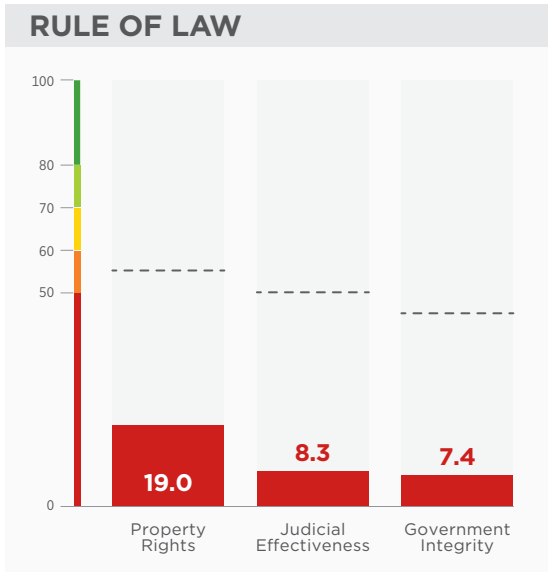
FDI INFLOW:
\$1.2 billion

PUBLIC DEBT:
31.0% of GDP

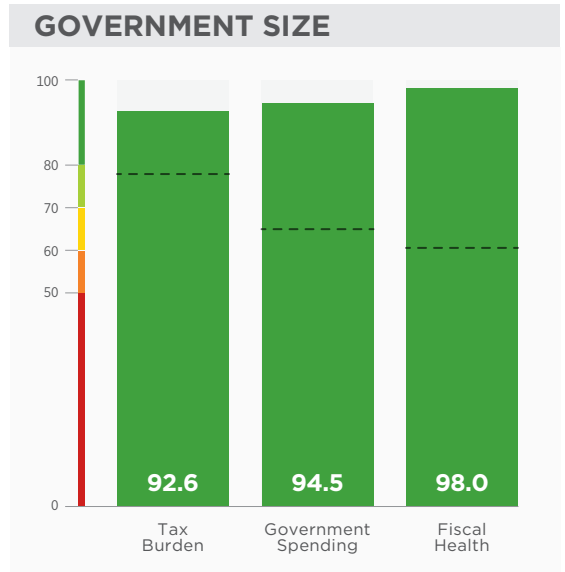
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Once an important stop on the Silk Road, the Central Asian republic of Turkmenistan is now a dictatorship and one of the world's most secretive, closed, and authoritarian countries. The presidency of Gurbanguly Berdimukhamedov, who has been in power since 2007 and was reelected to a third term in 2017, has not brought about any advances in political, social, or media freedom. The economy remains dominated by state-owned monopolies and is based on intensive agriculture in irrigated oases, sizable oil resources, and the world's fifth-largest reserves of natural gas. China is currently Turkmenistan's largest export market, especially for gas, but deliveries of natural gas to Russia were resumed in 2019.

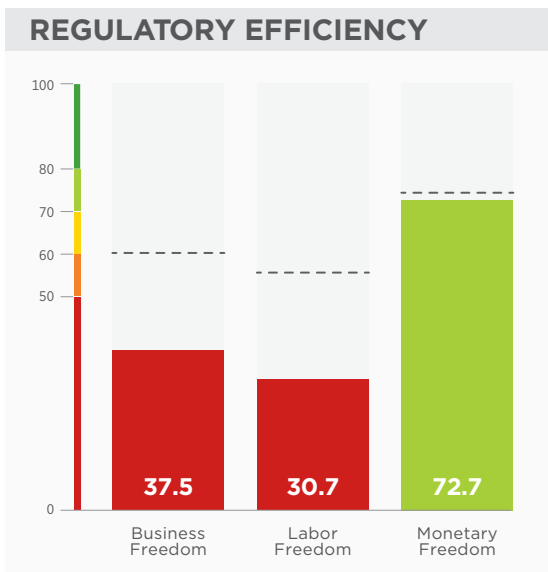
12 ECONOMIC FREEDOMS | TURKMENISTAN



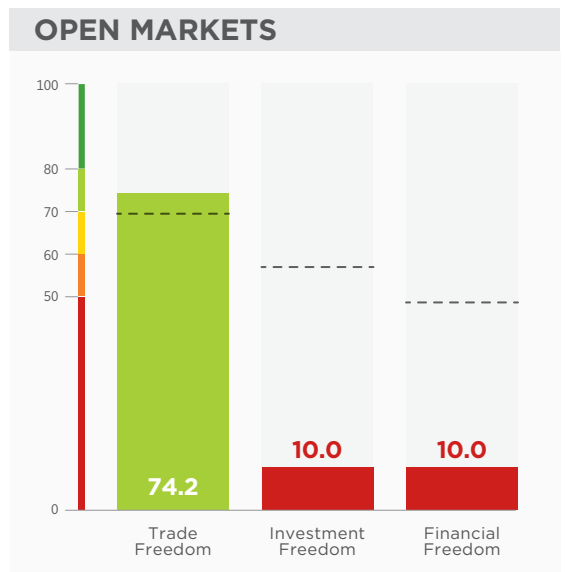
The government owns all land, and other real property ownership rights are limited. Both the enforcement of contracts and the protection of property rights are ineffective. The nominally independent judiciary is completely subservient to the president, who appoints and removes judges at will. Judges are poorly trained and open to bribery. Corruption is rampant, and anticorruption laws generally are not enforced.



The individual income tax rate is a flat 10 percent, and the corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 15.6 percent of total domestic income. Government spending has amounted to 13.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 31.0 percent of GDP.



Such large-scale business as does exist is generally conducted with the Turkmen government, which deals largely with those with whom it has close ties. Foreign companies have complained that the government has delayed payments to them. The labor code is not enforced. Subsidized state-owned enterprises control most of the industrial base including onshore hydrocarbon production, chemicals, transportation, and electricity.



Turkmenistan has five preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, but nontariff barriers, exacerbated by heavy state involvement in various sectors, dampen trade flows. The overall investment framework lacks transparency, and foreign investment in several sectors is restricted. The underdeveloped financial sector's limited ability to offer credit undermines the development of an entrepreneurial sector.