

Turkmenistan: Current Overview

Despite modest steps to open Turkmenistan to the outside world, the former Soviet republic remains the most isolated country in Central Asia. Turkmenistan is an authoritarian state, with power highly concentrated in the presidency, which is now held by Serdar Berdymukhammedov, the son of Turkmenistan's longtime ruler, Gurbanguly Berdymukhammedov. In a heavily orchestrated election in March 2022, Serdar Berdymukhammedov ascended to the presidency, completing a de facto dynastic succession that had been in progress for several years. The elder Berdymukhammedov, who fostered a cult of personality during his 15 years in power, retains the position of chairperson of the Halk Maslakhaty (People's Council), giving him significant political and economic authority in the country. The unicameral legislature effectively functions as a rubber-stamp for presidential policies.

Turkmenistan's Soviet-style economy is state-run and heavily dependent on a few key industries, primarily natural gas and cotton. Turkmenistan's lack of economic diversification means that growth is reliant on access to export markets, with the economy extremely vulnerable to fluctuations in commodity prices. Thus, Turkmenistan's export revenues declined sharply, and its economy plunged into recession amidst the global economic downturn caused by the COVID-19 pandemic. The country's GDP growth has since recovered, but official data is tightly controlled and manipulated to suggest a rosier picture than reality. Relative to other countries in Central Asia, Turkmenistan has limited trade, investment, and remittance connections with Russia, making the country more insulated from the negative economic effects of the war in Ukraine and sanctions on Russia. Turkmenistan's real per capita GDP increased by an estimated 4.5% in 2025, with growth forecast at 4.6% again in 2026.

Turkmenistan's primary export market for its gas production is China, as Turkmenistan has traded its former heavy dependence on selling gas to Russia for an even greater reliance on selling gas to China. Although nominally seeking to diversify its export options, Turkmenistan is continuing to ramp up gas production from the supergiant Galkynysh field to export even more gas to China. Turkmenistan's gas export diversification efforts have achieved limited success: Construction on the first section of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline is complete, but the overall project has stalled, with on-again, off-again construction of the Afghanistan section of the pipeline. Turkmenistan has cautiously sought to attract foreign investment in its oil and gas potential on the Caspian Sea shelf, although the government continues to limit upstream access to its vast onshore natural gas reserves.

Turkmenistan: 5-Year Outlook

In elevating his son to the presidency but also transforming the Halk Maslakhaty into a supreme representative body with broad responsibilities for foreign policy and economic development, Gurbanguly Berdymukhammedov established a model for ruling Turkmenistan as father and son. The tandem approach is likely to maintain the existing division of labor in the medium term, with the father broadly focusing on attracting foreign investments into the oil and gas industry and managing relations with China, while his son, current President Serdar Berdymukhammedov, oversees more routine governance activities. The December 2024 appointment of Oguljahan Atabayeva, the former president's daughter, as vice president of his charitable foundation suggests that she may be in line for a future senior political position, further

consolidating the family’s control over Turkmenistan’s political system.

Turkmenistan’s post-pandemic economic recovery was powered by China’s renewed demand for gas imports following the downturn from the COVID-19 pandemic. In the near term, Turkmenistan’s heavy reliance on gas export earnings means that the country’s economic growth prospects will remain dependent on gas prices and Chinese demand. Turkmenistan is also dependent on maintaining good bilateral relations with China to help develop the Turkmenistan’s prolific gas resource wealth. In the medium term, Turkmenistan’s ability to sustain economic growth will depend on the development of alternative gas export routes and a strong state push to diversify the economy. This seems unlikely, however, as Turkmenistan has focused more on simply selling additional gas to China rather than economic diversification.

Turkmenistan is likely to struggle to attract foreign investment in its offshore and Caspian shelf oil and gas potential, particularly given a lack of export infrastructure in place. Construction of a proposed trans-Caspian gas pipeline that would enable Turkmenistan to export gas westwards via Azerbaijan remains years away from actual implementation. Likewise, talks on an interconnector pipeline linking offshore gas infrastructure between the two countries, as well as actual work on a joint deal to develop the Dostlug field in the central Caspian, have stalled. Meanwhile, work on the TAPI pipeline is continuing, but the project continues to face numerous operational, financial, and security obstacles, thwarting Turkmenistan’s ability to complete the pipeline and open a new route to diversify its gas export markets.

Turkmenistan: Overall Rating

	Current	5 Year Outlook
	5.12 C	5.31 C
Politics	5.50 C	5.50 C
Economics	5.80 C	5.30 C
Hydrocarbon Sector Entry	3.73 D	4.33 D
Hydrocarbon Sector Operations	4.00 D	4.35 D
Hydrocarbon Sector Shocks	7.45 B	7.63 B

Turkmenistan: Politics

	Current	5 Year Outlook
	5.50 C	5.50 C
<p>State Capacity</p> <p>Turkmenistan inherited a developed bureaucratic and administrative structure with the collapse of the Soviet Union, although the institutional framework remains designed to serve a narrow elite rather than the wider public. All policymaking is concentrated in the presidency while the legislative assembly (Mejlis) is effectively subservient to the executive branch. Turkmenistan's reliance on gas export revenues means that public finances are vulnerable to price fluctuations: The sharp decline in gas export prices following the 2014-15 oil price collapse severely strained Turkmenistan's government finances, prompting mass layoffs of public sector employees, food rationing, widespread foreign- and domestic-currency shortages, and severe restrictions on currency exchange operations. Similarly, reduced Chinese demand for Turkmen gas imports in 2020 weakened Turkmenistan's finances, pointing to the state's declining capacity to provide basic services to the population. The recovery of Turkmenistan's economy since then, however, has stabilized government revenues and the country's institutions.</p>	3.00 D	3.00 D
<p>Political Legitimacy</p> <p>Turkmenistan is a closed, authoritarian state where political legitimacy is enforced through the repressive state apparatus and the political space is dominated by the president. The country has never held a free and fair election, although former president Berdymukhammedov introduced minor, primarily cosmetic reforms to the political system. The country's first multi-party election in 2013 provided Turkmenistan with a veneer of political pluralism, nominally bolstering the ruling regime's legitimacy, but the systematic eradication of any political opposition has continued. Constitutional amendments that went into effect in 2016 extended the presidential term from five to seven years and removed age limits, paving the way for the elder Berdymukhammedov to win the February 2017 presidential election with more than 97% of the vote. Rather than staying in office for life, however, Berdymukhammedov groomed his eldest son as his successor; Serdar Berdymukhammedov was subsequently elected to succeed his father in a closely managed transfer of power in March 2022. After a revamp to the structure of parliament in 2023 made it a unicameral body, elections were held in March 2023, cementing the ruling Democratic Party of Turkmenistan's control of the 125-seat legislature.</p>	3.00 D	3.00 D
<p>Political Violence</p> <p>Political violence in Turkmenistan is extremely rare, and the government harshly represses any manifestation of political dissent. Human rights</p>		

	Current	5 Year Outlook
<p>defenders and civil society activists face an elevated risk of detention, which explains why most dissidents have been either arrested or fled the country. After coming to power, former president Gurbanguly Berdymukhammedov initially sought to foster a less repressive society, but the political and social reforms that were implemented were superficial in nature, with little tangible impact. Turkmenistan has no major known organized non-state armed groups, and the risk of terrorist attacks is low. This is due to a combination of factors, including heavy-handed state security, the absence of political opposition, firm state control of religious practices, and widespread surveillance of the population.</p>	9.00 A	9.00 A
<p>Geopolitical Risk Turkmenistan maintains an official policy of neutrality in its foreign relations, which mitigates the risk of conflict with its neighbors. Turkmenistan's relations with Afghanistan are cordial, based on mutual interest in advancing the construction of the TAPI gas pipeline, and collaboration with the Taliban-led government on cross-border security which has mitigated the risk of militant incursions from Afghanistan. Relations with other Central Asian neighbors, as well as Russia, are broadly stable. In 2021, Turkmenistan and Iran resolved a long-running dispute over Iran's gas arrears; bilateral trade and economic ties have increased since then. Even Turkmenistan's long-fraught relations with Azerbaijan have improved, supported by the signing in August 2018 of the Convention on the Legal Status of the Caspian Sea, agreed by the five littoral states. Azerbaijan and Turkmenistan subsequently announced a bilateral agreement to jointly develop the Dostlug oil and gas field that previously had been a point of contention between the two countries.</p>	7.00 B	7.00 B

Turkmenistan: Economics

	Current	5 Year Outlook
	5.80 C	5.30 C
<p>Non-Payment Risk Information on foreign-exchange reserves is closely guarded by Turkmen authorities, but S&P Global assesses that Turkmenistan has sufficient reserves to provide the country with some buffer against exchange rate fluctuations. The government strictly regulates capital flows and exchange rates, which ensures that the official exchange rate remains</p>		

	Current	5 Year Outlook
<p>steady. Following the 2014-15 oil price collapse and the sharp decline in gas export prices, huge disparities between actual conditions and the official data forced the Turkmen government in 2015 to devalue the official exchange rate by about 23%. However, the gap between the official rate and the unofficial (black market) exchange rate continues to grow. Turkmenistan's foreign-exchange reserves are estimated to cover approximately four months of imports, a substantial decline from a decade earlier.</p>	3.00 D	3.00 D
<p>Primary Fiscal Balance</p> <p>Officially, Turkmenistan's government runs a nearly balanced budget. Realistically, however, state spending is almost certainly in deficit as a result of off-book spending; S&P Global estimates that Turkmenistan operated a continued fiscal deficit from 2015-2020, hitting a nadir in 2020 when gas export earnings declined sharply because of lower gas demand in China amidst the pandemic. Anecdotal evidence pointed to Turkmenistan's fiscal problems, including repeated payment arrears to public employees, non-payment on contracts with foreign companies, heavy restrictions on manat conversion to foreign currencies, and the rolling back of once widespread subsidies, including for gasoline, electricity, natural gas, and some food staples. Turkmenistan's public finances appear to have improved since then, however, supported by the recovery in Chinese demand for Turkmen gas and higher export prices. Resurgent gas export earnings since 2022 suggest that Turkmenistan is now running a modest fiscal surplus, although this is forecast to dwindle in the medium term.</p>	7.00 B	6.00 C
<p>Real Per Capita GDP Growth</p> <p>Turkmenistan routinely reports obviously inflated official GDP growth rates at odds with economic data reported by secondary sources. The country's economy remains undiversified, heavily reliant on strong inflows of export earnings, primarily from natural gas. Moreover, China is by far Turkmenistan's most important customer for gas exports, making Turkmenistan's economic growth vulnerable to fluctuations in gas prices as well as China's demand for Turkmen gas supplies. Turkmenistan is attempting to reduce its reliance on gas export revenues by developing its downstream gas utilization capacity, investing in petrochemicals and gas-to-liquids (GTL) plants. The recovery in gas prices and Chinese imports of Turkmen gas since the pandemic has supported a rebound in economic growth in Turkmenistan; the country's real per capita GDP increased by 4.5% in 2025, with growth of 4.6% forecast in 2026.</p>	9.00 A	8.00 B
Level of Development		

	Current	5 Year Outlook
Like other former Soviet states, Turkmenistan inherited decaying infrastructure from the collapse of the Soviet Union but also a well-developed health and educational system. Since that time, Turkmenistan has invested heavily in new construction, although much of this construction is in the form of marble palaces and other "showcase" infrastructure. In the 2025 United Nations Human Development Index, Turkmenistan ranked in the third quintile (95th out of 193 countries).	6.00 C	6.00 C

Turkmenistan: Hydrocarbon Sector Entry

	Current	5 Year Outlook
	3.73 D	4.33 D
<p>International Openness</p> <p>Turkmenistan has eased its policy of prohibiting foreign access to its abundant onshore gas reserves, although upstream participation is limited to service contracts rather than equity ownership stakes. One major exception, however, pertains to China National Petroleum Corp. (CNPC), which operates the Bagtyiarlyk area in the southeast of the country under a production-sharing agreement (PSA), as well as the rights to the phase-2 development of the supergiant Galkynysh gas field. Turkmenistan's policy is more open as it pertains to offshore areas and the Caspian shelf, where Malaysia's PETRONAS, Italy's Eni, and Dubai-based Dragon Oil are operating projects. Turkmenistan has made additional offshore exploration opportunities available to foreign investors, conducting several roadshows, but interest has been muted.</p>	4.00 D	5.00 C
<p>Government Take</p> <p>The principal piece of legislation regulating petroleum operations in Turkmenistan is the 2008 Petroleum Law. Government take for Turkmenistan is calculated from its PSA terms, based on the 1997 Model Contract and 2000 Guidelines. Revenue from the hydrocarbon sector – primarily from gas export revenues – accounts for an estimated 85% of total government revenue.</p>	3.50 D	3.50 D
Government Take: Oil	3.00 D	3.00 D

	Current	5 Year Outlook
Government Take: Gas	4.00 D	4.00 D
<p>Expeditiousness of Contract</p> <p>Contract registration is a slow and non-transparent process, requiring approval from various state agencies and ministries. Bureaucracy can be a significant obstacle, with myriad administrative hurdles and opaque requirements. However, the decision-making process is highly centralized, so having the right political connections or personal ties to senior policymakers with a direct line of communication to the president can expedite the process for getting contracts approved.</p>	4.00 D	4.00 D
<p>State/NOC Role</p> <p>There is no legal requirement for state participation in upstream oil and gas projects in Turkmenistan, and a handful of foreign companies – notably Dragon Oil, PETRONAS, and Eni – have a foothold in the oil sector, while CNPC is one of the few foreign companies operating in Turkmenistan’s gas sector. Nevertheless, the state-run oil and gas companies, Turkmennebit and Turkmengaz, respectively, have a stake in virtually all the country’s hydrocarbon projects, accounting for more than 80% of Turkmenistan’s oil and gas output, while Turkmengeologiya conducts geological exploration work on behalf of the state. In 2016, then-president Berdymukhammedov decreed the formation of a new state energy firm, the Turkmen National Oil and Gas Company (NAPECO), intended to consolidate state functions and policymaking, as well as attract foreign investment and coordinate upstream sector development. The company now has equity stakes in several projects, including a 5% share in the Dragon Oil-led Cheleken project, which NAPECO acquired in 2022.</p>	3.00 D	3.50 D
State/NOC Role: Oil	4.00 D	4.00 D
State/NOC Role: Gas	2.00 F	3.00 D

Turkmenistan: Hydrocarbon Sector Operations

	Current	5 Year Outlook

	Current	5 Year Outlook
	4.00 D	4.35 D
<p>Sanctity of Contract</p> <p>Investment disputes between foreign companies and the Turkmen government – over non-payment, non-delivery, or contract revisions – were a common occurrence in the 1990s, but are much less frequent now. Still, contract sanctity remains a problem, as the personalized nature of power means that an investor that falls out of favor with the government has little recourse to defend against contract risks. Turkmenistan has traditionally eschewed legal commitments to international arbitration, although in May 2022 it acceded to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Shortly after this went into force in however, the government applied several reservations restricting its scope. Revisions to PSAs have been rare, but in August 2025 UK-based Buried Hill Energy filed an international arbitration case against Turkmenistan, alleging that its rights to the Dostlug oil field (under a 2007 PSA) have been adversely affected by the government’s 2021 agreement with Azerbaijan on joint exploration and development of the field.</p>	3.00 D	3.00 D
<p>Regulatory Burden</p> <p>The existing legislative and regulatory framework in Turkmenistan remains highly restrictive, and the excessively bureaucratic character of state institutions is a significant obstacle to doing business in Turkmenistan. Government restrictions on sharing information with international organizations, including the World Bank and World Economic Forum, mean that Turkmenistan is absent from global surveys of the business environment. Furthermore, since Turkmenistan's economy is dominated by state-owned enterprises, commercial law – including dispute resolution between private companies – remains underdeveloped. Former president Gurbanguly Berdimukhammedov made little effort to improve the business environment, but the country’s decision in 2022 apply to join the World Trade Organization (WTO) provides hope for improvement as Turkmenistan seeks to align with WTO standards.</p>	2.00 F	3.00 D
<p>Civil Society Risk</p> <p>Civil society is severely underdeveloped in Turkmenistan, and the high likelihood of the state resorting to force to quell any protests effectively undercuts the risk of social unrest. The authorities keep a tight rein on political opposition, with most dissidents in jail or abroad, and popular unrest is rare, despite high unemployment, regular non-payment of wages, and shortages of subsidized goods. Furthermore, the country’s sparse population, predominantly desert geography, and the remote (or offshore)</p>	10.00 A	10.00 A

	Current	5 Year Outlook
location of most of its oil and gas infrastructure mean that risk to the petroleum sector from civil society activism in Turkmenistan is minimal.		
<p>Corruption</p> <p>Corruption is an endemic problem across state institutions in Turkmenistan, and the government's token countermeasures to reduce bribery and corruption have had negligible impact. Bribe requests are likely in dealings with officials at all levels of government when the success of a company's operations relies on official approval, particularly when seeking to complete bureaucratic procedures or audits and obtain commercial permits. Hence, there are significant legal and reputational risks for investors in Turkmenistan's energy sector. The State Service for Combatting Economic Crimes (SSCEC), which was established by presidential decree in 2017, is formally in charge of coordinating and implementing anti-corruption policy. SSCEC's selective pursuit of corrupt officials and high-profile cases is intended to create the public impression that something is being done. In Transparency International's 2025 Corruption Perceptions Index, Turkmenistan ranked in the bottom quintile (167th out of 182 countries).</p>	1.00 F	1.00 F
<p>Rule of Law</p> <p>Respect for the rule of law is extremely weak in Turkmenistan, and the absence of an independent judiciary, coupled with widespread corruption, means that arbitrary and selective enforcement of existing regulations is a major risk for foreign investors. Turkmenistan's legal system is gradually being improved with incremental reforms and adjustments, but additional changes to the country's framework laws on foreign investment and property rights are needed to attract upstream investment in the energy sector. Moreover, existing laws providing guarantees and protection to foreign investors are not fully reliable, as government contacts and political endorsement remain more important than legal texts. The country's negotiations to join the WTO should help strengthen Turkmenistan's legal environment, which will have to become more transparent and predictable to align with WTO standards.</p>	1.00 F	2.00 F

Turkmenistan: Hydrocarbon Sector Shocks

	Current	5 Year Outlook
	7.45 B	7.63 B

	Current	5 Year Outlook
<p>Market Access</p> <p>China is the primary market for Turkmenistan’s gas exports, sent via the Central Asia-China pipeline, with smaller volumes sent to Uzbekistan. Turkmenistan has engaged in price and payment disputes with both Russia and Iran, resulting in complete stoppages of gas shipments in the past; although relations with both have improved, neither is a major customer of Turkmen gas currently. A November 2021 trilateral gas-swap deal between Turkmenistan, Iran, and Azerbaijan enabled Turkmenistan to supply gas to Azerbaijan via Iran, but deliveries have been suspended since 2024 over a disagreement with Azerbaijan over price terms. Ongoing construction of the TAPI gas pipeline (via Afghanistan and Pakistan to India), as well as the proposed trans-Caspian pipeline could help Turkmenistan further diversify its gas export options. Turkmenistan is also developing its downstream gas industry, investing in petrochemical and GTL plants to monetize the country's gas production and ease its reliance on gas export revenues. Turkmenistan sends most of its oil exports west via barge across the Caspian Sea, for onward shipping via Makhachkala in Russia or via Baku in Azerbaijan. Turkmenistan has periodically engaged in oil swap agreements with Iran, under which Turkmen oil is delivered to northern Iran in exchange for a similar value of Iranian oil for export on Turkmenistan's behalf via the Persian Gulf. The oil swap arrangement was suspended, however, after the reimposition of US sanctions on Iran in 2018.</p>	6.00 C	6.50 C
Market Access: Oil	6.00 C	6.00 C
Market Access: Gas	6.00 C	7.00 B
<p>Facility and Personnel Violence</p> <p>Anti-government protests are rare, small-scale and are not generally accompanied by property damage. The remote location of Turkmenistan’s oil and gas infrastructure, sparse population, and general societal repression mitigates the risk of facility of personnel violence, and there have been no recent incidents. In 2009, an explosion occurred on a remote section of the Central Asia-Center (CAC) trunk pipeline near the Turkmenistan-Uzbekistan border, knocking out Turkmen gas deliveries to Russia. Turkmenistan blamed Russia’s Gazprom for the incident, arguing that the Russian company failed to give sufficient notice to Turkmenistan about its plans to reduce offtakes from the system. The explosion was due to a buildup of gas in the pipeline network rather than sabotage,</p>	10.00 A	10.00 A

	Current	5 Year Outlook
however.		
<p>Ministerial/Policy Volatility</p> <p>Energy policy in Turkmenistan is stable, despite frequent changes in high-ranking personnel. For all intents and purposes, the president himself sets Turkmenistan’s energy policy, which is focused on the twin goals of supplying an increasing volume of to China as well as building new pipelines to diversify Turkmenistan's gas export options. Government ministers and directors of state-owned energy companies are periodically shuffled, typically justified by undetermined managerial “failings” or levied accusations of corruption. The rotation of policymakers appears geared to prevent any single official from developing an independent power base. Since his election as president in March 2022, Serdar Berdymukhammedov has followed the model set by his father, reshuffling the government in February 2023; Annageldi Saparov was appointed as the minister of energy in July 2023. Guvanch Agajanov has been in the role of chairman of Turkmennebit since April 2022, while Maksat Babayev has served as chairman of Turkmengaz since his appointment in May 2023.</p>	6.00 C	6.00 C
<p>Labor Unrest</p> <p>Turkmen law theoretically provides for collective bargaining and for rights to join unions, but in practice all unions are government controlled, and strike action is prohibited by law. Hence, wildcat strikes are likely to be peaceful, short-lived, and effectively suppressed by state use of force. Industrial action is more likely to be directed against foreign employers rather than state-owned entities since the former are perceived as more likely to make concessions. For example, in 2012 local workers for Dragon Oil resigned en masse over unpaid wages. The government stepped in quickly to resolve the dispute and many of the strikers' demands were met. More recently, a presidential decree issued in July 2023 that increased salaries for public sector workers and raised the minimum wage has mitigated the risk of labor unrest.</p>	9.00 A	9.00 A

Analyst Contact Details: Andrew Neff