

Economic strategy of Turkmenistan: Relying on the people, for the sake of the people

I

I am deeply convinced: if we set down the true aim and go to it by a carefully calculated route, a success imminent. Independent and neutral Turkmenistan confirms it above-said by the practice of its development, which has received qualitatively new acceleration in recent years. The country, as a fantastic giant, strides through barriers and difficulties, carrying the energy and optimism of the people.

But let's put allegories aside: the reality of these efforts deserves looking at from the most intent and scrupulous point of view. The world is put before a choice of further way and intense search of the new optimal model of development, including a recovery from a global economic crisis, and Turkmenistan being involved in this process, has declared itself as an equal player and partner, which is following basic three conditions, demanded by the world community - reliability, openness and safety.

Since the first day as head of this country the most important task has been the formation of the Purpose that is capable to unite and inspire the nation in achieving new horizons of independence. These horizons were dictated exclusively by internal problems of young statehood but by new calls of time which have sharply risen before the developed and developing economy, before mature and young democracies, Turkmenistan should integrate into a new world system to coordinate and continue internal development proceeding from the enormous potential of the country, its advantageous geo-strategic position, political system of permanent neutrality and necessity of spiritual self-actualization of the nation dating thousands of years back with its culture, and leave an appreciable trace in the world civilization.

I have realized well: whatever problems put forward overtime, it would not be possible to solve it without them idea of uniting the nation. Without that, in order to start the belt of energy of the nation, it needs to revive the gene of creation inherent to it. So our door was knocked, as it was called by the journalists, an epoch of new Revival, the name itself served as a key to solve the problems of a new century. All was subject to revival: spirit, traditions, old and new experience, goals and problems, methods and means, in short, all that is expressed by the capacious modern concept "innovation".

Along with that it was required to define accurately the state strategy as the mechanism for realization of the national idea, instrument of diversification of economy and creation of its competitive advantages in a world market of division of labour. "The state - for the person" – proclaims Turkmenistan concluding this extremely briefly under the universal form. As a matter of fact, an appealing modern idea of social development through involvement in this process of the human personality without which any national idea will sag as a badly tensed rope over a mountain precipice.

Even if we search for the main secret of our confident progression, then it is definitely in the sphere of refraction of new realities and secular traditions of the people exactly at that point where they have converged in political and economic calculation of the state.

The belief in creative potential of the nation forces us to build this strategy simultaneously both in key positions, and on flanks, not missing anything – neither big nor small, neither main nor minor, neither long nor momentary demanding decision now and today.

There was an issue to effectively adjust the public management without missing anything from that which should work on the end result that is on the person who consumes the

product of his own labour but reproducing this product at a new level of knowledge and quality, living in high grade of life, creating a family, bringing up children, getting access to education and culture, in a word, creating values, above all standing in spiritual hierarchy of the people.

Such statement of the issue has demanded its attaching in the constitution. In the new edition of the Organic Law of Turkmenistan a human being is proclaimed as the highest value of the society and it has predetermined that all the further steps related to the issues of the creation of civil society, providing to each person deeply motivated and interested relation to their rights and duties. Thus, modern elective democracy has found for itself healthy ground in congenial democracy of the Turkmen people, the democracy which has prepared perception of values of modern civilized development.

Certainly, Turkmen democracy is still young, it should get stronger and rise on its feet, but those steps which are undertaken on the maintenance of genuine democracy, origin of the very civil society as a state partner, testify to the verified trajectory of movement in a direction of progress and human development.

Soaking up as a sponge, the most advanced world experience, combining, as it is considered to be, a combination of circumstances and orientation to success, Turkmenistan proves to itself first, then to the others that the true values of the modern society are not in the bowels of the earth but in the people, in their knowledge, professional and human return. From here, the combination of circumstances or strictly speaking, diversification pours out into the system, structured approach to manufacture of a cumulative national product – both raw and export focused, and also its distribution with the account of “the human factor”. Thus, the preference is given to the model which is not overtaking but to the postindustrial development, the strategy which has offered new formula of development, expressed in a proportional parity of national and global institutions, the market capital and a product, the role of state and a private sector. In short, building the economic model, Turkmenistan assigns primary importance to the protection of national interest by optimal occurrence of its economy in the world economy.

II

Once our ancestors, having brought to perfection the ability to live in harmony with nature and use its filigree gifts perfected their vital tools which helped them masterfully cope with all their work in their native land, to create material masterpieces, take very active participation in the functioning of the Great Silk Road, in short, to solve the problems of the century adequately.

In our century our tasks have complicated thousandfold and the reasons are of great variety. These are scientific, technical growth and technological breakthrough caused by it, and the new movement of the world caused by new interests and possibilities of the civilization. This is a global problem of the security born by the new challenges and threats to mankind. In our case study, obliging us enormous energy resources and overcoming the essential historical break which negatively reflected the motivation of people to productive work.

Dividing thesis that the culture and economy are always national and state structure, cultural institutions, cultural traditions are also included in the understanding about economy. I adhere to the conclusion followed from here that to transform of any economy, especially during the transition stage, a human measurement should be given. What does it mean? It means that none of the reforms declared to society can be carried out without the conscious participation of the people and, of course, their support and social protection.

Diligence is the characteristic feature of our nation and the diligence motivated, stipulated by the cast of a soul and by all the factors of the capacity of the environment. In due time, the nation showed wonders of ingenuity adapting the environment they inhabited to

reproduce material produced by rational approaches executed, and at the same time the spiritual and moral principles. Like other people conducting the history from the moment of origin of a human civilization, the Turkmen people have succeeded in the creation of their own social and cultural models which are fixed till now in the institute of a family and spiritual traditions.

The practice of the revival has demanded not the mechanical carry-over of these traditions onto the new soil but creation of principally new conditions for their reproduction by modeling of their own economy with all its natural and geographical, social and psychological aspects. Having faced with the problems of self-determination in the conditions of globalization we have seen additional self-realization possibilities for ourselves through the variety of the world and regionalization of the relations.

Our internal reforms, touching upon practically all industrial, social and humanitarian spheres, have been added with the active foreign policy and external economic strategy directed on the maximum participation of the country in the affairs of the world community. Our Neutrality has become not only an effective tool of international policy, but also as the effective impulse on regional and global space of the world.

Work at home, in the country has begun with the definition of priorities which have laid down in a basis of all strategic programmes on putting the country on the international level of development. We proceeded and the state branch and national programmes make essential impact on the structure of industrial goods and services providing them more conformity to the changed public requirements.

The main difficulty consisted in optimizing the standards of quality in respect to all programmes where and at what level they would carry out – in capital and in regions, in health care and education, in the industry and in transport field, in construction and in villages. Having begun reforms from the most remote regions in the west of the country in the town Esenguly which possesses rich on stocks and a variety of natural resources, moden etrap (town) with its corresponding infrastructure we have defined lath height to ourselves and all people and to hold the business of our national honour.

There was no ploughed field of activity in front of us and it demanded not machinery but people. The people, capable to realize all planned programmes and make serious structural changes in the economy, and intensify them, improve a control system and managing methods. In a different way, there was a problem of reproduction of cultural-professional level of the country which is capable to make an impulse to become the developed state with a high standard of living, education and professional culture of the overwhelming majority of the population.

The modern economic ideas state that up-grade starts when the economic movement is coordinated with the values of that culture. Having proclaimed the main value of the person, we started looking for the basic reserve of the production in the human factor as in cumulative national ability of people to realize economic strategy of the state.

In turn, achievement of qualitative level of the human factor has demanded appropriate social structures which in the developed state is provided at the expense of the real sector of the economy with its new scientific, technical and technological basis.

The programme of radical reform of education including academic, higher, professional, technical, comprehensive schools was derived, not casually, as the number one programme.

Like in the schools, kindergartens of the entire country are also equipped with computer classes and modern training programmes. Professional personnel are required in the country capable of being responsible for the destiny of the nation, to lead them further along this complicated world. Opening new institutions of higher education and departments, we prepare future specialists both in our country and in foreign countries where hundreds of students annually go to study and their number will constantly increase.

Reestablishing institutions for postgraduate studies and doctoral candidates with High certification committee on seven directions, we pursue the aim to provide all-round preparation of scientific experts proceeding from a complex issue of reform of native science, and its transformation into real productive forces.

We want to teach our new generation not only learning lives and provide education but also to develop them physically and spiritually, as sound people. I would say that this is one of the important issues of the government. Our ancestors took care of their health as the one most valuable thing which is given by the Almighty and established on unique system, generally speaking, on maintenance of their healthy way of life where, along with a balanced diet physical training of children and youth provided by innumerable sets of games invented by the people and sports contests.

For a healthy way of life we prepared a thoroughly realizing nation-wide programme “Health” and creating corresponding infrastructure, beginning from the modern medical centres and ending with children’s resorts and sport schools.

Within the framework of the programme “Health” the system of protection of motherhood and childhood, preventive medicine, institution of family doctors have received huge state support.

We have inherited including aesthetic views the highest spiritual culture from our ancestors. Being able to work with a clear conscience, our people could also have a rest adequately, putting in all holidays competence and optimism of soul. Today we see our task in that that powerful constructive process to be sustained by the spiritual emancipation of the people and the material basis should be supported by various forms of the encouragement, including measures on development of professional art and arrangement of national competitions, festivals and reviews on revealing national talents.

It is clear that solving of social issues whether it is culture, health care or housing, demands much money. Accordingly social structure should have the industrial component supported by the well-elaborated social-economic policy.

In the aggregate this is our national model and the target of which is to create developed socially-focused market economy of the mixed type, gradual and stage-by-stage formation of highly effective system with the developed public sector, effective entrepreneurship and modern market infrastructure, the effective macroeconomic regulation providing social guarantees to all levels of population and focusing all economic subjects on achievement of high end results.

Our purposes can be stated briefly follows: “Democratic market reforms – full sufficiency to each family – the strong state”.

III

The rates of the reforms convince us that we are on the correct path. The entire country is in the building woods, covered by a network of communications and the gas pipelines, one of which has reached already China, becoming a modern symbol of the Great Silk Road. Moreover, it broke all records of extent and became the standard of regional infrastructure having passed on the territory of Uzbekistan and Kazakhstan and initiating the whole network of super manufactures on refining, distillation and gas storage.

The basis of the industry in the real sector of our economy forms fuel-energy complex (FEC) experiencing complete modernization. There is active development of the Turkmen shelf of the Caspian Sea where treaty provisions share out products and work with the biggest world companies in the sphere of extraction of energy resources. In addition to a gas pipeline

Turkmenistan-China, almost at the same time a Turkmenistan-Iran additional gas pipeline was launched.

A wide range of works are carried out on the intensification of constructions, establishment of competitive national construction complex, enlarging its material and technical base including on the account of development of local manufacture on production of construction materials.

A dwelling house, including elite apartments, which changed the architectural look of Ashgabat beyond recognition, is erected in every corner of the country. Ashgabat scratches the skies with its white marble new buildings. As I have just mentioned above modern children's pre-school establishments, educational and specialized schools, higher educational institutions, medical centers and hospitals furnished with the state-of-the-art equipment, sports schools and even Olympic towns, hippodromes, theatres, Culture Palaces, museums, libraries and many others are built in the capital and regions of the country.

Intensification of construction promoted a jump of volume of value added gross year-on-year. Thus in 2008 these volumes increased 3 times, in 2009 – 2.9 times.

Recently the cement, carbamide, kaolin and metallurgical plants have been put into operation in accordance with the principle of economy diversification and intensification of investment activity in the country. A new start was given to a totally new sector – mining. Construction of textile complexes is in full swing. In whole the modernization of this sector made it possible to worthily compete with its output at the world market. Gas turbine power plants, food industry enterprises and many other objects, which have turned the country into a giant construction site, are erected all over the country.

Development of the «Avaza» tourist zone on the ecologically pure coast of the Caspian Sea is carried out at an accelerated pace. Objects erected on this site are to compete with the world class resorts and this site is definitely to be created in the very near future raising the industry of recreation and tourism to a worthy level.

In accordance with this task an up-to-date complex of air-terminal is erected in the city of Turkmenbashi and radical reconstruction of the sea port is also envisaged there. As a whole, within the years of independence there has been created a contemporary transport and communication infrastructure in the country. Recently Tejen-Serahs-Meshhed, Ashgabat-Karakums-Dashoguz, Turkmenabat-Atamurat rail-lines have been laid which possess the access to foreign countries. At present the construction of new railway line Uzen (Kazakhstan) – Bereket – Etrek (Turkmenistan) – Gorgan (Iran) with further access to the Persian Gulf and Indian Ocean has already been launched. Atamurat-Kerkechi Railway Bridge has been put into operation which will give an opportunity to develop economic relations in Central Asian region and bordering states.

Domestic highways of our country are adjusted in accordance with international standards. Total length of highways from west to east and north to south make up 1.7 thousand kilometers.

Rebuilding of a village was our prior concern. Taking measures on the development of rural economy and agro-industrial complex as a whole enabled us to meet the major domestic demand in food at the expense of own resources of the country. At present only 5 percent of the total volume of imports is the share of the food supply and this figure has the tendency to systematic decrease. Just for comparison: in 2008 this index almost approached 9 percent.

Large complexes, farms and peasant unions are created in the country as a result of development of state-private partnership. Considerable successes have been gained in poultry farming; in the near future its products will completely match the country population's demands in it. A task has been set to found a firm basis got the development of other branches of livestock farming as well as fishery in the very near future.

Unique bioclimatic potential and sufficient human resources, given the successful solution of the issue of irrigation water supply, will give the opportunity to the massive planting of fruits, vegetable, cucurbitaceous, berry and nut in the country and guarantee their wide export. Development of the subtropical zone for cultivation of olives, pomegranates, figs, dates, table and sultana variety of grapes a promising future.

Competitiveness of this production in world markets is undoubtedly ensured by its high quality and ecological guarantees.

We have particular views on the further development of cotton-growing, especially cultivation of high-quality sorts of the fine-fibered cotton.

Every plant growing on the generous Turkmen land should be increased by the measures of rational efforts of people on the fields and relevant concern of the Government, that is the way we try to do, bearing in mind the issues of logistics of a village, including the delivery of agricultural machinery from the best world manufacturers, supply of high-quality fertilizers to farmers and tenants, regulation of economic-monetary relations with a view to promote material interest of manufacturers as a result of their work.

Our principal trump in the cumulative solution of this problem is the water. From all eternity the Turkmens have always valued it as the most invaluable riches, appraising its each drop as a grain of gold. Our ancestors have created unique irrigation system, having brought to perfection the kyariz method of irrigation. Today, based upon national traditions to carry the things you start through to their logical end, we have set a mission to solve the issue of water in a complex way – to introduce the fallow land in crop rotation and maintain ecologic security in the region. The Turkmen lake «Altyn Asyr», which has already stretched out for hundreds of hectares of land in the centre of Karakum deserts, will serve exactly for this important purpose.

The launching of the second stage of the man-made sea in one of the greatest deserts of the planet will allow us to cope with the solution of the urgent problem of the present – the collecting and processing of drainage water in one place with a view of overcoming of their negative ecological influence to the development of irrigated cropping.

In a word, everything been and being created on our ancient land, on the one hand, will be to support its progress for achievement of a qualitative standard of living of the people, and on the other - to serve the basis for uninterrupted work of the mechanism of social protection of the population and relevant distribution of the national GDP, founded on the modern institutional base of the state-market regulation. Now the strategy of social and economic development of the country until 2030 is being worked out updating the impact influence of the world financial crisis to this process.

Meanwhile this crisis has not caused in phasing out the production, the compelled delays, reduction of workplaces or delays in salary payment. Social privileges in use of gas, the electric power, water, salt and automobile fuel free of charge and other state privileges like in the issues of housing is in full swing in the country. In the field of public health the list of free medical services is strictly observed.

The Government considers taking measures to increase employment of the population, preservation and creation of workplaces, development of services as its major task. With these purposes dozens of new enterprises are constructed annually, especially in rural areas, small and medium cities which promote the decrease of internal migration of the population.

Wages, pensions, welfare payments and grants are constantly raised in the country, in which the process of minimizing the index of consumer prices essentially levels the dynamics of growth of nominal and real incomes of the population. Payment of wages and other incomes is carried out in strict conformity with target dates.

Stable growth of incomes of the population is also expected in the future, which will overtake the general dynamics of the development of the country for the purpose of expansion

of internal demand. Thus the population incomes will depend not only on wage levels, but also on equity.

IV

I would like to make a special emphasis on the following: “Turkmenistan has entered a phase of economic reforms while the world economic crisis has faced a great number of problems connected with the maintenance of balance in labour market and the capital. As is known the global crisis was preceded by financial crisis in the course of which, after all, there have taken place structural disproportions between financial and credit-and-monetary sphere, on the one hand, and real sector, on the other.

So to a definite extent we have appeared in a role of pupils who profit by the mistakes of the world and, maybe, its main mistake is to attach more power to the role of the market as the regulator of social demand and offer. Besides, the market mechanism cannot provide sufficient investment in the human capital, i.e. in primary and secondary education, healthcare, culture, sports.

Coincidence of our own way of an optimal mode of development with the joint efforts of the world community on overcoming the consequences of crisis has become our advantage which has caused acquisition of sovereignty by the economy on the basis of the modern institutionalization, which is based on both rational estimation (calculation) and many factors giving a freedom in choosing of institutes, friendly to economic development.

Running forward I note that this chosen course has passed a serious test of time so that the potential of the modern Turkmenistan made it possible to minimize the influence of the crisis to the national economy. According to calculations of authoritative international organizations it has lightly reflected the dynamics of economic development of our country.

Balanced state regulation with the purpose of taking advantage of all financial and political opportunities of the state including effective structure of capital, high rate of investments to basic funds and human capital have become the fundamental factor in this matter.

Successful realization of anti-crisis measures, maximization of their influence on economy are only possible with the provision of the necessary standard of macroeconomic stability, guaranteeing functionality of major sectors of economy, including such parameters like economic growth, population employment, dynamics of overall price level, exchange rate, export and import, capital movement both to and out of the country, stipulated by necessity of analyzing total revenue, the deficiency of which causes the main obstacle in the way of growth of the total gain.

The Government of Turkmenistan tries hard to take into account all factors of the crisis while elaborating and realizing anti-crisis measures and it is proceeded from the necessity of preserving the proper volume of cumulative financial reserves for the solution of both anti-crisis issues and that of the strategic development of state economy for the long-term outlook.

As of today dynamic microeconomic policy provides the maintenance of significant pace of GDP growth gained at the expense of the realization of strategic programs of long-term development of the country, radical sectoral shifts: diversification and modernization of industrial and natural-material GDP structure. Within the last 3 years the average annual tempo of its development exceeded 109 percent, 17 % of which is the share of the construction sector.

In whole, considerable part of the GDP falls on industrial sector. In 2008-2009 fiscal years this index gained almost 72 percent. Prevailing figures of the industrial sector are conditioned by modern priorities of development of the national economy, since the industry

meets the internal and external demand: agriculture supplies the internal market with its products, construction draws considerable investments.

Real economic potential of the country grows at the expense of the increase of manufacturing resources, improving quality, and perfection of application mechanisms. Meanwhile basic components of the economic development of Turkmenistan is the long-term investment called into money deposits with the view to gaining income and achieving positive social effect.

Hence we attach special attention to the creation of a favorable investment climate, diversification of investment sources, acceleration of major projects and programme realization, prior investment to the social and engineer infrastructure.

Today in Turkmenistan there has been created an economic system with the sufficiently solid investment potential, which is significantly important in conditions of the world financial crisis. Economy of the country is the surplus on its aspects which promotes to constantly grow «long-term credits», accumulated both in national and foreign currencies. Correlation of investment volume to GDP growth of the state in 2008 equaled to 32%, in 2009 – more than 47 %, where one third of the total volume is the share of the foreign investments drawn by dynamic tempos.

In whole it is worth mentioning that at the investment point the country is sufficiently attractive since it does possess with great reserves in both fuel and energy and non-recourse sectors of economy combined with the existing of yet created foremost production potential, manpower resources, steadily strengthening legislative base, as well as the net of the infrastructure branches for successful business, all together creating favorable conditions for further steady economic growth.

Private sector also has its priorities which attach strategic character to the state and private partnership in the development and modernization of socio-economic structure of the state. Initiatives on the private sector issues are called to significantly promote changes for the better, introduction of innovations, effectiveness of capital and differentiation of labour.

There has been set a task that by 2020 to increase the share of the private sector in GDP growth of the country by 70 percent (with no account taken of the fuel and energy complex). To realize this task it is necessary not only to widen the existing range of partnership on a number of specters of contracts extended by the Government to private companies but also to attach to this partnership more close organizational and legislative linkage concerning programs of progressive development of the country.

Concrete steps are made in this direction. Law of Turkmenistan «On the state support to the small and medium entrepreneurship» approved in 2009 is directed to the development of small and medium enterprises. A program on state support to business is being elaborated in compliance with the document. The practice of crediting entrepreneurial structures for 10 years at 5 percent interest per annum for purchasing main facilities as well as crediting for 1 year for gaining floating funds are widely applied.

By promoting private sector development, State pursues the aim of increasing its contribution to formation of GDP and corresponding increase of incomes of the population. Business itself will be responsible for many social directions.

Monetary accommodation of the financial sector is one of the significant directions of the macroeconomic balance of Turkmenistan.

In the last years the stability of purchasing-power parity of the national monetary unit is provided in the country, amount of credit resources are intensively increased, liquidity of bank assets is supported, the course on financial support of priorities on real sector of economy developments remains. Unification policy of the national currency was achieved in May, 2008 and denomination of manat is also successfully done since January, 2009. As a result of the

undertaken cardinal measures financial and economic condition of enterprises has essentially improved, the movement of money improved, availability of credit resources is provided. In the overall country exchange points are available; even so the rate of manta showing its stability hadn't changed in two years.

The monetary policy of the country is aimed also at showdown of inflationary processes, stabilization of consumer prices. In 2009 the rate of inflation made 100,1 percent which is an absolute minimum for all period of calculations of the given indicator.

At the aim preservation of stability of consumer prices at the domestic market and also due to interest of local commodity producers in increasing export of goods, customs taxes rates are considerably lowered and on some vital goods they are cancelled all together.

Mortgage crediting is developing very rapidly on favorable terms with a view of improvement of security of the population housing habitation. Mortgage is loaned for 30 years under 1% annual interest rate with a grace period till 5 years in which the interest for the credit is paid, instead of the basic debt under the credit. The enterprises and the organizations are authorized to give 50% of discount from the cost of accommodation for the employees who have taken the mortgage credit. Nowadays mortgage credit has been intensively extended in the countryside, small cities and regional provinces.

An integral part of the financial policy is the formation of the qualitative tax-budgetary system acting as one of the conditions of active state regulation by economic processes. Level of tax loading on national economy for the recent years makes about 23 percent to GDP. The budget of Turkmenistan being profitable has a social orientation and the profitable part grows with the advancing rates in relation to expenses. Proficiency means accumulation in the Stabilization fund of the country which is established for the protection of the national economy from the negative influence of external factors and is directed on realization of priority government programmes and introduction of innovations.

The existing fiscal mode promotes positive dynamics of development of subjects of economic activity and stability of social environment. The taxation provides considerable benefits for priority directions of the development of economy.

As I have already noted globalization and transition processes to market relations considerably change a role and state functions. At present time reforms in the political sphere and information sector are initiated in Turkmenistan, and the legislation is updated and the institutional basis is improved. In the modern democratic state a basis to all is the acting legislative base guaranteeing equal possibilities to all its participants. In this direction many things have been done: functions of single legislative authority are transferred to Mejlis, its structure is expanded; many rules were updated and adopted, first and foremost, the Constitution of the country; reference points to multi-party system formation are planned.

It is demonstratively visible that institutional reforms touched upon economic block, construction complex and large scale national projects and entrepreneurship sector. New agencies, committees and unions called to promote efficiency of the realization of priority programmes and projects of modern Turkmenistan have been established. The Institution of strategic planning and economic development of Turkmenistan, Institute of state and law at the President of Turkmenistan, Public service academy at the President of Turkmenistan were established and started their work where preparation and retraining of executive personnel for all sectors of the economy is carried out.

Possibilities of mass media are extended; population access to a global network of internet is improved.

As a whole, institutional reform is directed on as much as possible, effectively to use all financial and political possibilities of the state for realization of the national economic strategy, to provide system and assuming close coordination of economic, socio-political and cultural

factors, the approach to solving of management tasks.

V

“How the time is for everybody, so the time is for each one” – says the Turkmen proverb, containing the wisdom of the world. One will not say more accurately about interconnection of the world, as well as about, saying in modern language, what is the consistence of human capital. Today it is the main factor of economical growth or permanent progressive development of the economy.

World process of advanced investment in human capital is taking place in comparison with materially capital investments. This tendency caused the need for the factor of global security as the main condition of the whole development of human civilization, extending the world economy as economical unity of countries of the modern world, functioning of which is connected with existence of the world labor division, world system of transport and communication, and a world market of goods.

Building its economic strategy, also means Turkmenistan’s means under it also tasks of participation in the creation of a global model of security, because it sees in it guarantees of national economical security as basis of its economical sovereignty. From this arrives our approach to security as the subject of unique matter, because not one of its elements, whether it is political, energy, food, ecological, could exist separately, without interdependence from each other and without acting as indivisible in the geopolitical context.

The position that we take in this issue, strong and unchangeable, because it is based on the neutral status of Turkmenistan acknowledged by the world community. This stability of principles of nonmilitary, politically-diplomatic peacemaking under the aegis of the UN attaches to our neutrality the qualities of flexible and strong mechanism for realization of security tasks where our interests and where they are connected with interests of regional and world order. So, acknowledging most vulnerable parts of the global economy the system of international energy supplies and making corresponding initiative, we, securing support of the UN, the continuously realize this initiative into reality, seeing the final aim in the development of internationally-legal document concerning the transit of energy resources taking into account proposals of interested countries and international organizations.

Being the participant to main international conventions and agreements, Turkmenistan makes initiative in the sphere of disarmament problems in the region of Central Asia and the Caspian sea, in the issues of rational use of water resources of the region to secure food security, in the work of recovery of Afghanistan and recovery of its economy, and also for setting close cooperation with structures of the UN in the sphere of protecting of motherhood and childhood, protecting the rights of the disabled, refugees and so on. In solving these and other problems we see real role for the UN Regional Centre for preventive diplomacy in Central Asia that is located in Ashgabat and support more wider and subjected attraction of the Centre to the efforts of the world community undertaken in all these directions.

Turkmenistan supports regulations of the Final document of the conference of the UN on global financial-economic crisis and its consequences for development and considers actual proposals that were stated on it concerning the quick reform of the world financial institutes – the World Bank and International Monetary Fund.

Turkmenistan intends to widen its participation in the realization of projects and programs, realized in the framework of the UN and its structures, first of all, UNDP, ECE, ESKAPO. Development of international ties of our country will continue as in the framework of already signed agreements, as well by setting new international contacts. It is enough to say, that

in practice 109 international programs realized in the sphere of healthcare, protection of environment, education, culture and in number of other areas.

Supporting the further development of international law, aimed to promote organization of the normal economic relations between states, Turkmenistan, on its part, guided by organizational-institutional basis of foreign economic relation, that help to successfully realize in practice the policy of “open doors”. This policy favorably affected direct foreign investment in development of priority-driven sectors of the national economy.

We widely use such form of attracting foreign investment as agreements on production share, that is widely used in international practice. So, every year increase the share of oil and gas, produced by joint or foreign companies «Petronas» (Malaysia), «Dragon Oil» (OАЭ), «Wintershall» (Germany), «Maersk Oil» (Denmark), «ONGC» (India), «Buried Hill» (Canada). For 2009 the unit weight of oil, produced by joint or foreign companies, was 41 percent, and gas – about 6 percent. Close cooperation with leading American companies «John Deer», «Keis», «Exxon Mobil», «Shevron», «Eurasia Group », «Boing» and others taking place.

It was widely spread construction by foreign companies of various facilities of industrial and social-cultural field. For the period of 1 January 2010 in application of capital investment in the country 117 foreign companies from 25 countries of the world took part. For the same date the number of constructions, realized by foreign companies was 530 units with construction budget 11,7 billion US dollars.

In the whole world one of most fast growing areas of foreign economic activities, being a very important source of foreign income is international tourism. Beginning with the implementation of the National tourist zone of “Awaza” we thoroughly estimated its economical feasibility and effectiveness and only after this we come to decision to introduce there the mechanism of a free economic zone, acknowledged by the world community, on the basis of tax, financial and legal conditions and the creation of necessary industrial infrastructure. Complex measures, adopted for the development of “Awaza”, envisage a favorable regime for foreign and local investors, businessmen of the tourist industry, including simplification of the visa regime for tourists, tax preferences (during construction and during 15 years after introducing facilities into operation of infrastructure and tourism investors are free from paying tax for property, for income and tax for added value, custom and exchange taxes, from payment for services for licensing and certification and, for rent of land.

I mentioned already the development of all kinds of domestic transport, in which we see, besides providing a direct way to the world, it is also a serious source of foreign trade income for the state, creates possibilities of decreasing income for import, and increase expert of income, and extra income from tourism.

The intensive and pragmatic foreign economic policy of Turkmenistan allows increasing year by year capacity of foreign trade turnover, average annual rates of growth of which for previous years are on sufficiently high level. During a number of years the positive balance of trade of Turkmenistan is high, favorably reflected on the balance of payment of the country.

The main priority in foreign economic policy of the state – gradual transforming of Turkmenistan from the category of the country-exporter of raw materials into country-producer and exporter of ready high technological goods. And by various means the stimulated import of leading technologies, devices and tools. For the last years the share of production of industrial-technological purpose in the structure of import was 70-80 percent.

Leading trade partners of Turkmenistan are such countries like Russia, China, Turkey, USA, UAE, Italy, Germany, Japan, Switzerland, France, Iran and other countries. Production of Turkmenistan properly presented in world markets, including numbers natural gas, oil and oil products, electroenergy, polypropylene, liquefied gas, cotton-fiber, cotton yarn, materials, agricultural production and products of processing and others.

In the country annually dozens of international conferences and exhibitions are taking place that promote further development of foreign economic relations and creation of joint ventures. At the initiative of Turkmenistan authoritative investment forums in foreign countries are held. Ashgabat is becoming the centre of attraction of scientific and cultural ideas, where regularly gather representatives of intellectual and creative elite from many countries of the world.

For further effective integration of the economy of Turkmenistan into the world economic system the country needs proper diversified and modernized industrial potential, developed transport and communication arteries, high quality market infrastructure, economical and legal guarantees, conditions for attracting wide-range investments, and stability of social and political systems. In all these directions continuous work is done and already good results were reached. But the world does not stay in one place and Turkmenistan needs more high speed development planned programs.

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The world practice has proved that the right model of the development of the society is that which promotes the steady economic and political development of socially-oriented and socially-responsible types. The society has approached the recognition of national aims superior to the economics and individual material concerns (interests). All components of force of the modern community are concerned in building such a model and every component should realize its responsibility in this process.

The basic component of the model of development of Turkmenistan, the Epoch of New Revival is the social vector. Our potential and every opportunity, vector must be directed most to the achievement of the closest interrelation of economic and social factors of accelerated development. Boosting of huge investments in industrial and social spheres is conditioned on the endeavor of Turkmenistan to gain advanced parameters of development and be worthily ranked among developed countries of the world. Apart from the high-technological lifestyle of the economy, this is the worthy level of welfare of the people.

All reforms taking place in Turkmenistan are aimed at gaining exactly such goals, and economic opportunities only serve as instrument for their effective realization.

Gurbanguly Berdimuhamedov
President of Turkmenistan