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Research and analysis of opportunities for regional economic integration among the countries of the Organization of Turkic States

Abstract. This study was conducted to develop a comprehensive model of economic integration among the member countries of the Organization of Turkic States. The model takes into account inter-industry relationships that contribute to the economic development of the region. The use of statistical and comparative analysis of economic indicators from both member countries and regional cooperation partners enabled the assessment of integration potential and the identification of key pathways for its deepening. The results of the study demonstrated that analysis of the economic development of the member countries of the Organization of Turkic States reveals steady growth in gross domestic product, despite global economic shocks. It was found that these countries have been able to maintain economic stability through the rational use of domestic resources, development of the energy sector, attraction of foreign investment, and diversification of their economies. A comparison of economic growth rates between the member states of the Organization of Turkic States and those of the European Union indicates that, although the level of gross domestic product per capita in the Turkic states remains lower, these countries possess significant potential to enhance this indicator through further infrastructure development, support for entrepreneurship, and gradual integration into the global economy. Based on the findings, a comprehensive model of economic integration among the member states of the Organization of Turkic States has been developed, demonstrating strong potential to boost trade activity and foster regional economic growth. The analysis confirmed that integration in areas such as reducing trade barriers, improving transport infrastructure, and encouraging investment can significantly facilitate the mutual exchange of goods and services. The results indicated that strengthening economic cooperation will contribute to the sustainable development of the member countries of the Organization of Turkic States. This will ensure the effective use of shared economic potential, expand investment opportunities, enhance competitiveness in international markets, and create favourable conditions for the integration of trade initiatives

Keywords: international trade; infrastructure development; investment opportunities; economic competitiveness; intergovernmental initiatives

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INTRODUCTION

The relevance of the study lies in the fact that, in the context of heightened global competition, instability in energy markets, and the need for economic diversification, the countries of the Organization of Turkic States (OTS) are actively seeking new mechanisms for regional cooperation. Their geographical proximity, shared economic interests, cultural and historical ties, and significant resource potential create favourable conditions for the development of multi-level cooperation in the areas of trade, investment, logistics, and energy. An analysis of integration processes within the OTS is both timely and essential for understanding the prospects for economic growth and enhancing the competitiveness of the participating countries within the global system. The research problem centres on identifying the main areas of economic cooperation that can yield the greatest benefit for the participating countries. The issue of strengthening integration in the energy sector is highly relevant, as it supports economic development and contributes to resolving energy security challenges. It is also important to examine mechanisms for attracting investment and increasing trade activity, which are key to ensuring sustainable development and deeper economic integration among the countries.

The study by C. Demir (2022) emphasised the growing strategic importance of the OTS in the Eurasian space and focuses on the role of interstate cooperation as a factor in consolidating the regional influence of the Turkic countries. O. Baghırov (2022) examined the economic potential of the OTS, concentrating on the analysis of the level of cooperation between member and observer countries in the fields of trade, transport, and energy. The researcher also identified directions for the further expansion of economic interaction aimed at strengthening the organisation's economic role. Scholars A.F. Çetinkaya & N. Demirel (2023) conducted a study on the possibilities of regional economic integration among the OTS countries, with a focus on the impact of the organisation's formation on trade between its members. Their research underlined the significance of integration and cooperation in strengthening economic ties and enhancing trade relations among the countries. In the study by M. Akçapa (2023), it was noted that the OTS is a key regional institution for the Turkic world. Changes in the international system and regional developments have heightened its importance, particularly for countries such as Azerbaijan, Kazakhstan, Kyrgyzstan, and Uzbekistan. Each of these states possesses distinct strategic advantages – most notably, Turkey's regional power and Azerbaijan's energy resources. Consequently, for the organisation to be effective, it is crucial that the more influential countries join forces. K. Vorisova & M. Nazirov (2023) examined the formation and evolution of the OTS, analysing key stages in its development and the impact of decisions made by national leaders on the organisation's transformation. They paid particular attention to the dynamics of cooperation among member states, assessing the current state and potential for further economic and political integration within the organisation.

In turn, N. Aktaş & N. Demirel (2021) noted that thirty years of cooperation, based on a shared cultural heritage, have led to the establishment of several platforms for interaction. The OTS has become an important international entity, gaining increasing significance as a player in the Eurasian arena due to the strengthening of cooperation among the Turkic countries. Their study explored the prospects of the organisation in the context of balancing regional forces in Eurasia and its status as a significant international actor with long-term strategic interests. E. Aydilek (2022) analysed the growing influence of international organisations, highlighting their role in promoting peace, security, and prosperity, as well as in fostering intergovernmental relations. The study examined the current potential and future prospects of the OTS within the framework of global and regional relations, particularly considering its historical foundations and the military and economic potential of its member states. The scholar D. Necati (2022) investigated the strengthening of cooperation among the Turkic countries within the framework of the OTS, with a particular focus on the organisation's role in the geopolitical context. The study also considered competition with China and India, and how these dynamic impacts the global balance of power. J. Hasanova & K. Najafova (2024) assessed the interaction between the EU and Azerbaijan in the context of energy relations, particularly in relation to gas production and transit. Their work emphasised the strategic importance of Azerbaijan as a key energy supplier for the EU.

The complex impact of economic integration among the OTS countries on the development of regional cooperation remains insufficiently studied. Most existing research focuses on individual aspects – such as trade or energy – while overlooking the interrelationships between various areas of cooperation. The absence of a systematic approach to analysing integration processes limits the understanding of this cooperation's potential to promote economic growth, ensure energy security, and enhance global competitiveness. This creates gaps in the implementation of new approaches to assessing regional integration opportunities, which would otherwise consider a broad range of economic, geographical, and resource-related factors. The study aimed to determine the potential for regional economic integration among the OTS countries. To achieve this goal, it was necessary to analyse the dynamics of economic growth in the OTS countries – specifically gross domestic product (GDP) and GDP per capita – in comparison with EU countries; to examine the role of private consumption and investment in driving economic growth in these states; to assess the impact of net exports on the GDP of Kazakhstan and Azerbaijan; and to develop a comprehensive integration model that accounts for inter-industry linkages and fosters stable economic growth across the region.

MATERIALS AND METHODS

To achieve the objective of the study, a comprehensive analysis of the economic development of the OTS member countries was conducted. This included a comparison of their GDP, growth rates, and economic stability in the context of global economic shocks. The analysis of the economic structure of the OTS countries involved examining the role of the private sector and urbanisation in economic development. For this purpose, statistical data from the World Bank (n.d.a; n.d.b), the United Nations Statistics Division (n.d.), and the United Nations Economic Commission for Europe (n.d.) were utilised. These sources enabled an assessment of the economic structures of the member states and the identification of how these factors influenced GDP growth and socio-economic indicators.

A comparative analysis was also carried out to evaluate the growth rates of the OTS economies and their GDP per capita in relation to selected EU countries – specifically Poland, Bulgaria, and Romania – using data from the International Monetary Fund (2025). This analysis focused on macroeconomic stability indicators and development trends. Furthermore, it was determined which economic development factors are most significant for the OTS countries when compared to the more developed economies of the EU.

To assess the role of private consumption and investment in supporting economic growth, their impact on the GDP of Kazakhstan and Azerbaijan was analysed – particularly by identifying mechanisms that either promote or constrain the effectiveness of investment projects in both countries. The study also examined the impact of net exports on the economic stability of OTS countries, using statistical data from sources such as Trading Economics (Turkmenistan unemployment rate, n.d.) and the UN Comtrade Database (n.d.). This allowed for an objective assessment of the significance of the export-import balance within the macroeconomic development structures of the participating states.

Geopolitical risks and global economic shocks were taken into account as factors potentially affecting the economic situation of the OTS. The analysis of these risks enabled the identification of possible vulnerabilities in the economies of member states arising from global crises and external pressures. It also made it possible to outline areas for enhancing economic resilience – specifically, through the diversification of foreign trade, reducing dependence on individual markets and resources, and expanding intra-regional cooperation.

The development of a comprehensive integration model – taking into account inter-sectoral relationships and contributing to the region's sustainable economic development – was conducted following the analysis of statistical indicators such as GDP, imports, and exports within the OTS countries. This process also incorporated insights from the International Monetary Fund (Transcript of press briefing..., 2024), which underscores the importance of regional trade and structural reforms, as well as principles outlined on the European Commission (2022) concerning economic integration – namely, the harmonisation of standards, regulatory simplification, and the development of a common market. The purpose of developing this model was to identify effective mechanisms for deepening economic integration among the OTS member countries, thereby optimising trade and investment processes and strengthening regional cooperation. To this end, an analytical approach was employed, incorporating the study of macroeconomic indicators, analysis of foreign trade dynamics, and evaluation of the effectiveness of existing trade agreements.

RESULTS AND DISCUSSION

To understand the economic trends of the member and observer countries of the OTS, it is essential to consider not only GDP growth rates but also the key factors that influence them. Table 1 presents the dynamics of GDP in these countries, taking into account critical indicators of economic sustainability, such as growth in energy exports, infrastructure investment, and levels of domestic demand. This approach enabled a more comprehensive assessment of their economic resilience and development prospects.

Table 1. GDP growth rates of OTS member and observer countries, taking into account key factors of economic sustainability (%)

Countries	Average score 2010-2018	2019	2020	2021	2022	2023	2024	Key factors influencing GDP
Members								
Azerbaijan	1.7	2.5	–4.3	5.6	4.6	1.12	2.3	Growth of energy exports, infrastructure investments
Kazakhstan	4.5	4.5	–25	4.3	3.2	5.1	4.8	Raw material orientation, stable foreign investments
Kyrgyzstan	4.1	4.6	–8.4	6.2	7	6.15	5.9	Labour migration, dependence on remittances, support for small businesses
Turkey	6.4	0.8	1.9	11.4	5.6	5.11	4.6	High domestic demand, developed exports
Uzbekistan	6.6	6	2	7.4	5.7	6.29	6.1	Reforms, attraction of foreign investments, expansion of trade
Observers								
Hungary	2.6	4.9	–4.5	7.2	4.6	–0.91	1.5	Dependence on the EU, internal political fluctuations, external markets
Turkish Republic of Northern Cyprus (TRNC)	3.2	0.2	–16.2	3.9	...	...	...	Political non-recognition, limited market access
Turkmenistan	9	6.3	–3.4	4.6	1.8	6.3	3.9	Energy exports
Average	5.5	1.7	0.8	9.6	5.1	3.6	4.74	

Source: created by the authors based on World Bank (n.d.b)

According to Table 1, the average real GDP growth rate of the full member countries of the OTS in 2021 was 9.6%. This substantial increase reflects an active economic recovery following the recession caused by the COVID-19 pandemic. The marked acceleration in growth in Kyrgyzstan, Turkey, and Uzbekistan can be attributed to a combination of factors, including increased domestic consumption, expansion of exports, state business support programmes, and the effective implementation of anti-crisis measures. In Turkey, government stimulation of domestic demand played a key role; in Kyrgyzstan, growth was supported by an increase in private remittances from abroad; while in Uzbekistan, the liberalisation of foreign trade and the activation of investment policy had a positive effect.

In 2022, the average GDP growth rate for member countries declined to 5.1%, indicating a slowdown in economic development amid global economic turbulence, rising energy prices, and disrupted logistics chains. Nevertheless, this rate remained above the global average, suggesting the relative resilience of the OTS member economies. The most significant positive contributions to sustaining growth came from countries with established foreign economic relations, diversified export structures, and active engagement in regional integration initiatives (Ihnatenko *et al.*, 2023).

The total GDP of the OTS countries reached a record level in 2022, highlighting sustained positive growth dynamics. Between 2010 and 2022, the group's combined GDP nearly doubled, a result of increased investment, stabilisation of macroeconomic indicators, and support for small and medium-sized enterprises. In 2023, the economic situation deteriorated for some countries. For instance, Hungary recorded a decline in GDP due to high inflation, tight monetary policy, and reduced demand from the EU. The TRNC, facing political uncertainty and limited access to international financial markets, continues to exhibit unstable economic performance. The most significant decline was observed in the tourism sector, contributing to overall economic contraction. Recovery in the TRNC remains slow, hindered by weak economic diversification and dependence on foreign aid.

However, countries with full membership in the OTS – such as Uzbekistan, Kyrgyzstan, and Turkey – continue to demonstrate stable economic growth, even in the face of external shocks. This can be attributed to the broader institutional support available to full members within the OTS, their participation in joint infrastructure projects, access to preferential trade regimes, and greater attractiveness to foreign investors. Consequently, the differences in GDP dynamics between full members and observer states are, in part, due to the degree of their integration into the organisational structures of the OTS and the extent to which they benefit from the opportunities provided by this platform.

The growth rates of the OTS member countries and their levels of GDP per capita are important indicators for comparing regional economic development. Analysing these indicators in the context of the OTS, and comparing them with those of EU countries, allows for a comprehensive assessment of the economic progress of both regions. Such an analysis helps identify development strengths and weaknesses, as well as the key factors that either facilitate or hinder further economic growth. This, in turn, is essential for formulating evidence-based economic policy recommendations and long-term development strategies for each region. Table 2 presents comparative data on the GDP and GDP per capita levels of the OTS member countries and selected EU countries.

Table 2. GDP and GDP per capita of OTS member countries and selected EU countries (Poland, Bulgaria, and Romania) for 2023-2024

Countries	GDP at current prices (billion USD)		GDP per capita (USD)	
	2023	2024	2023	2024
Azerbaijan	85.3	89.0	8,250	8,600
Kazakhstan	237.0	245.7	11,852	12,150
Kyrgyzstan	12.1	13.4	1,680	1,743
Turkey	955.6	980.2	10,986	11,258
Uzbekistan	89.5	93.8	2,386	2,480
TRNC	3.1	3.2	...	...
Turkmenistan	80.2	82.1	8,801	8,956
Hungary	190.5	194.2	18,742	18,965
Poland	796.1	812.5	20,251	20,891
Romania	325.8	339.6	16,583	17,153
Bulgaria	95.2	98.4	14,301	14,790

Source: created by the authors based on World Bank (n.d.b)

An analysis of the levels of economic development of the OTS countries compared to selected EU member states reveals significant disparities in both total GDP and per capita income. Turkey continues to occupy a leading position among the OTS members, exhibiting stable economic growth and a diversified economic structure. Kazakhstan also demonstrates high performance, reflecting its substantial potential stemming from abundant natural resources and large-scale infrastructure projects. By contrast, the economies of Kyrgyzstan and Uzbekistan remain less developed, as indicated by lower levels of population well-being. This reflects the existence of structural barriers such as low productivity, limited industrialisation, and restricted access to investment. Nevertheless, these countries show encouraging growth dynamics, which may suggest gradual economic progress under conditions of effective reform implementation.

Hungary, Poland, Romania, and Bulgaria – as representatives of the EU – exhibit higher socio-economic standards. This can be attributed to their deeper integration into

European markets, consistent macroeconomic policies, and the development of high-tech industries. Comparisons with these countries offer valuable benchmarks for the OTS states in terms of enhancing competitiveness, attracting investment, and modernising their economies. The role of private consumption and investment in driving economic growth in the OTS member countries was further examined, alongside the impact of net exports on the GDP of Kazakhstan and Azerbaijan.

Net exports are a key driver of economic growth in the OTS region, particularly in resource-rich countries such as Kazakhstan (Kazakhstan economic data..., n.d.) and Azerbaijan (World Integrated Trade Solution, 2022). In Kazakhstan, where oil and gas constitute a significant share of GDP, net exports are crucial for maintaining a positive economic balance. However, economic growth slowed to 3.2% in 2022, due to a deceleration in critical sectors, including oil production and general industrial output.

Turkey has shown considerable resilience to external economic shocks, recording growth of 11.4% in 2021 (World Bank, n.d.a). Nonetheless, the earthquakes in 2023 had a substantial adverse effect on the country's economy, leading to a decline in GDP and export growth due to the redirection of financial resources towards reconstruction efforts. Uzbekistan has maintained steady growth, driven by private sector activity and structural reforms, registering a 5.7% increase in GDP in 2022. However, its economy remains dependent on remittances, which account for approximately 13% of GDP (German Economic Team, 2023).

Overall, the study highlights the significant role of private consumption and investment in supporting economic growth among the OTS member states. This influence is particularly evident when considered alongside net exports, which have a pronounced impact on GDP – especially in Kazakhstan and Azerbaijan. To gain a deeper understanding of the economic processes within both OTS member and observer countries, Table 3 presents the distribution of economic sectors in the GDP structure of these states. This allows for an assessment of which sectors dominate in each country and how their development influences the broader economic situation across the region.

Table 3. Share of economic sectors in the GDP structure of OTS member and observer countries (%)

Year	Country	Agriculture	Industry (non-manufacturing)	Industry (manufacturing)	Services
Members					
1990	Azerbaijan	29.7	13.6	19.3	37.4
2010		5.9	59	5.1	30
2021		6.4	45.4	7.5	40.7
2022		5	55.4	6	52
2023		6.1	44.5	8.1	49.2
2024		6.3	45.0	8.0	50.7
1990	Kazakhstan	31.8	17.3	7	43.9
2010		4.7	30.3	11.7	53.4
2021		5.4	22.9	14.8	56.9
2022		5.6	16.1	29.5	48.6
2023		4.7	17.7	35.1	52.4
2024		4.5	17.2	36.4	52.5
1990	Kyrgyzstan	33.6	10.5	27.6	28.3
2010		18.8	10.1	18.1	53
2021		15.3	14.2	14.4	56.1
2022		12.8	15.3	22.5	49
2023		11.6	14.8	27.2	51.7
2024		11.1	14.5	26.5	48.3
1990	Turkey	14	10.3	28.3	47.4
2010		10.2	10.7	17.1	62
2021		6.2	10	24.8	59
2022		9.3	10.8	30.4	53.1
2023		7.2	12.3	32.8	48.3
2024		7.1	12.1	33.5	47.5
1990	Uzbekistan	33	19.9	16.6	30.5
2010		30.3	12.4	11.5	45.7
2021		26.1	12.6	20.9	40.4
2022		25	27	12.1	47.8
2023		24.3	26.1	12.3	48.6
2024		23.5	25.3	12.1	39.5

Table 3. Continued

Year	Country	Agriculture	Industry (non-manufacturing)	Industry (manufacturing)	Services
Observers					
1990	Hungary	12.9	14.8	20.1	52.2
2010		3.6	8.4	21.3	66.7
2021		4	8.6	20	67.4
2022		3.7	22.2	25.6	50.6
2023		3.2	23.3	26	47.6
2024		3.1	22.8	26.5	47.7
1990	TRNC	5.6	9.9	2.2	82.3
2010		5.5	10.8	2.8	80.9
2021		8.3	12.8	3.7	75.2
2022		–	–	–	–
2023		–	–	–	–
2024		–	–	–	–
1990	Turkmenistan	32.3	4	25	38.7
2010		11.5	12.9	47	28.5
2021		11.1	9.6	35	44.3
2022		10	8.5	28.7	40.5
2023		10.4	9.7	30.6	39.8
2024		10.2	9.5	31.4	39.3

Source: created by the authors based on United Nations Statistics Division (n.d.), United Nations Economic Commission for Europe (n.d.)

According to the table, the GDP structure of various OTS member countries has undergone significant changes between 1990 and 2024. In 1990, agriculture accounted for a substantial share of GDP in countries such as Azerbaijan and Kazakhstan. However, by 2024, this share has declined markedly. This trend reflects the transformation of the agricultural sector in these countries and a gradual shift towards a more diversified economic model. Notably, there has been an increasing emphasis on industrial development – particularly in non-manufacturing sectors – and a growing contribution from the service sector, which has emerged as a key driver of economic growth. In both Kazakhstan and Azerbaijan, the share of industry within GDP has risen significantly. In Kazakhstan, the shift has been towards the manufacturing sector, resulting in a notable increase in its contribution to GDP (Tleubayev *et al.*, 2024). In contrast, Azerbaijan's industrial growth has been driven primarily by the expansion of the oil and gas sector and the attraction of foreign investment in extractive industries, leading to an increased share of non-manufacturing industry in the economy (Ismayilov *et al.*, 2024).

Meanwhile, in countries such as Hungary, Turkmenistan, Turkey, and Uzbekistan, the share of the manufacturing sector has remained consistently high over recent decades. This is largely attributable to a strong policy focus on industrial development, sustained investment in manufacturing, and the adoption of export-oriented economic strategies. As a result, these countries have succeeded in maintaining robust performance within the manufacturing sector.

One of the significant factors influencing the economic structure of a country is the services sector. The share of services in GDP has increased considerably, reflecting the active development of this sector in the OTS member states, where it now plays a pivotal role in shaping their economic structure. For example, in Hungary, the share of services in GDP reached 67.4% in 2021, driven by the active digitalisation of the economy, integration into European markets, and the development of information technology, financial services, and small business sectors. These factors have contributed to a strategic shift towards economic modernisation and the adoption of innovations in areas such as technology, finance, education, and entrepreneurship.

A clear trend can be observed across nearly all countries under analysis: the declining share of agriculture in GDP. The notable exception is Uzbekistan, where agriculture continues to be a significant component of the economy. Although the sector's contribution to GDP has declined from 33% in 1990 to 23.5% in 2024, it remains higher than in other OTS countries. This trend reflects broader developments such as rising urbanisation, the expansion of manufacturing industries, and the growth of the services sector. Together, these changes are enabling countries to reduce their dependence on agricultural production and move towards more diversified economic structures. To better understand broader economic trends within the OTS countries – particularly in relation to inflation – it is important to consider average consumer price indicators. Figure 1 illustrates changes in inflation across OTS member states, offering a basis for comparing economic processes and assessing the level of price stability across different countries.

The inflation rate in the OTS countries from 2010 to 2024 reflects several important economic trends. Between 2010 and 2016, inflation remained relatively stable, fluctuating within moderate levels – an indication of overall economic stability and effective inflation control. However, starting in 2017, inflation began to rise gradually, largely due to increasing prices for energy resources, food products, and raw materials, alongside broader global economic shifts. The most significant surge occurred in 2021 and

2022, when inflation increased sharply as a result of the COVID-19 pandemic, disruptions in global supply chains, soaring energy prices, and geopolitical tensions – particularly the war in Ukraine (Kucher & Mazurenko, 2024).

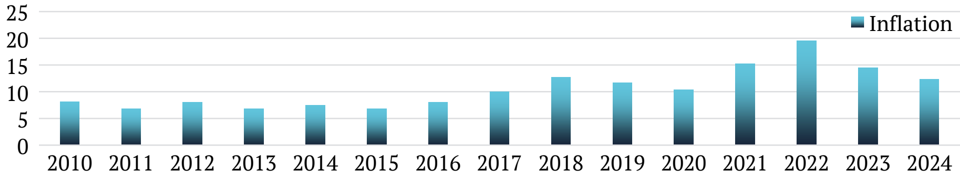

Figure 1. Inflation: average consumer prices in OTS member countries, 2010-2024 (%)
Source: created by the authors based on International Monetary Fund (2025)

In 2023, the inflation rate declined to 14.46%, suggesting some improvement in the economic situation, driven by supply chain stabilisation and the partial easing of global economic shocks. Nevertheless, inflation remained elevated. By 2024, the inflation rate further decreased to 12.31%, reflecting partial economic stabilisation, especially improvements in supply chain logistics and more balanced economic policies. Despite these positive developments, inflation continues to remain high, primarily due to persistently elevated energy prices and other external economic pressures. To better understand the financial condition of the OTS member states and to assess their broader economic stability, it is essential to examine data on government budgets and public debt. Table 4 provides an overview of these indicators.

Table 4. State budget balance and public debt in OTS member and observer countries, 2019-2024 (% of GDP)

Country	State budget balance/GDP						Gross government debt/GDP					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
Members												
Azerbaijan	9.0	−6.7	4.1	6.1	6.7	5.8	17.7	21.3	26.4	17.3	18.2	18.0
Kazakhstan	−0.6	−7.0	−5.0	0.1	−0.1	0.2	19.9	26.4	25.1	23.5	23.4	22.8
Kyrgyzstan	−0.1	−3.3	−0.8	−1.3	–	−0.5	48.9	63.6	56.2	49.2	47.0	45.5
Turkey	−4.8	−5.1	−4	−1.6	−1.1	−1.2	32.6	39.7	41.8	31.2	33.4	34.3
Uzbekistan	−0.3	−3.3	−4.6	−3.9	–	2.5	28.5	37.4	36.6	34.9	35.1	34.5
Observers												
Hungary	−2	−7.5	−7.1	−6.1	−5.4	4.9	65.3	79.3	76.8	76.4	64.5	63.2
TRNC	3.3	−5.7	−3.2	–	–	–	–	–	–	–	–	–
Turkmenistan	−0.3	−0.1	0.4	0.9	1.2	1.4	15.3	13.1	10.1	5.8	5.1	4.9

Source: created by the authors based on International Monetary Fund (2024; 2025)

An analysis of the table reveals significant variation in the state budget balance and public debt levels among the OTS member and observer countries. Azerbaijan has maintained a stable positive budget balance alongside a low debt burden, reflecting sound and effective fiscal policy. In contrast, Kazakhstan and Turkey have experienced chronic budget deficits and elevated debt levels, particularly during periods of economic crisis. Kyrgyzstan and Uzbekistan exhibit moderate budget deficits accompanied by relatively high public debt, highlighting the need to enhance fiscal sustainability and improve public financial management. Hungary continues to carry a high level of public debt, whereas Turkmenistan demonstrates a positive budget balance and a gradual reduction in public debt, suggesting a degree of relative financial stability. In addition, the unemployment rate in OTS member countries for the period 2019 to 2024 has been examined, providing insight into how labour market trends correlate with broader economic developments across the region. Figure 2 illustrates changes in unemployment levels, enabling a more detailed assessment of the economic situation in each country.

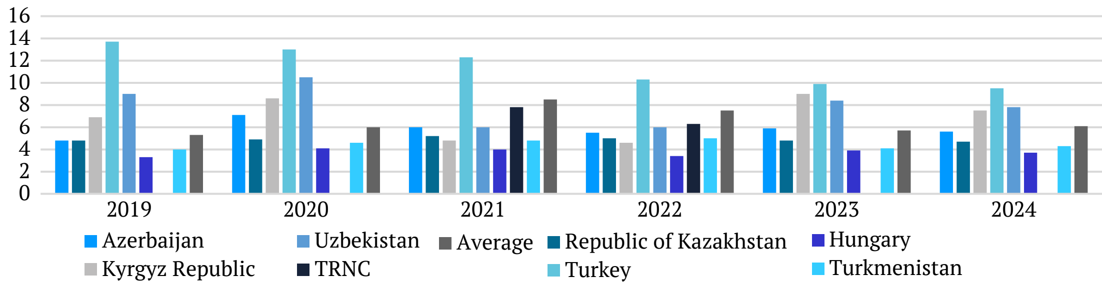

Figure 2. Unemployment rate in OTS member countries, 2019-2024 (%)
Source: created by the authors based on International Monetary Fund (2024; 2025), Turkmenistan unemployment rate (n.d.)

An analysis of the dynamics of unemployment rates in OTS member and observer countries between 2019 and 2024 reveals a general trend of gradual decline following a sharp rise in 2020, which was driven by the economic consequences of the COVID-19 pandemic. In several countries – such as Turkey, Kazakhstan, and Uzbekistan – a consistent decrease in unemployment has been observed, reflecting economic stabilisation, the recovery of domestic demand, and increased investment activity. For instance, in Turkey, the unemployment rate fell from 13.7% in 2019 to approximately 9.5% in 2024, largely as a result of the revitalisation of national production, support programmes for small businesses, and employment-focused reforms.

Conversely, Kyrgyzstan experienced a significant increase in unemployment, reaching 9.0% in 2023 after a period of relative stability (Bekmuratov *et al.*, 2024). This rise is likely attributable to macroeconomic imbalances, limited economic diversification, and a strong dependence on external remittances. In countries such as Turkmenistan and Hungary, the unemployment rate has remained relatively low and stable. This can be explained by the controlled nature of their labour markets, state regulation of employment, and targeted support for key industries. However, structural mismatches between the education system and labour market requirements, along with limited access to quality employment for young people, continue to pose long-term challenges.

According to calculations based on official statistics from the International Monetary Fund (2024), the economies of the OTS countries significantly expanded their participation in international trade between 2015 and 2024. This reflects their growing integration into the global economy. The total export potential of these countries in goods and services rose from USD 420.4 billion in 2014 to USD 730 billion in 2024. Despite this substantial increase, the share of these exports in total global trade has remained relatively stable. These figures confirm a steady trend of gradual growth in international trade activity among the OTS countries, thereby enhancing their presence and influence in the global economic arena (Fig. 3).

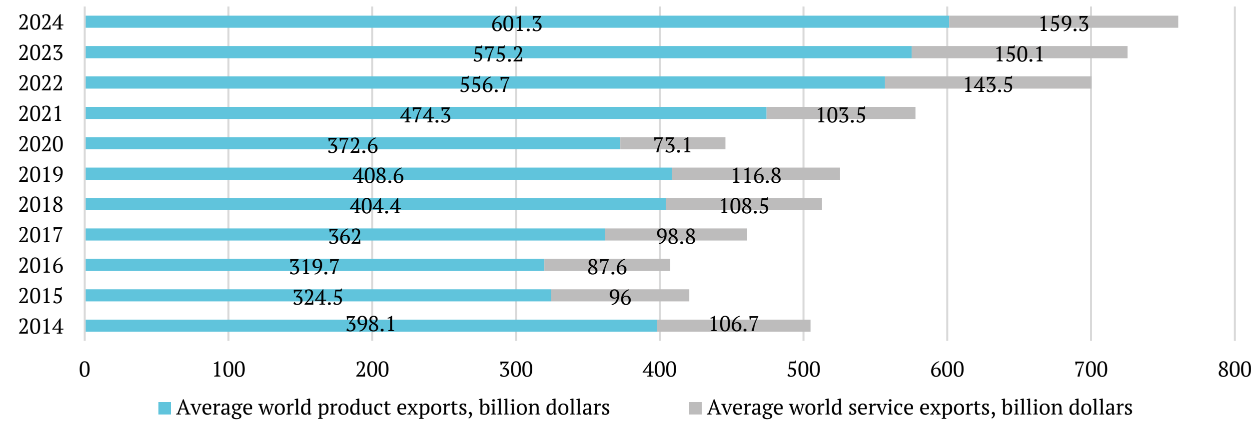

Figure 3. Exports of the OTS group of economies, 2014-2024 (regional level, billion USD)
Source: created by the authors based on International Monetary Fund (2024)

Throughout 2024, the OTS countries continued to actively integrate into the global economy, demonstrating a notable increase in export performance. This growth in the export of goods and services reflects both the stable development of their economies and their expanding engagement in international trade. Notably, approximately 59.3% of goods exported from OTS economies were directed to Europe, making it the primary destination for their export activity. Asia was the second largest export region, accounting for around 28.3% of total goods exports (Fig. 4).

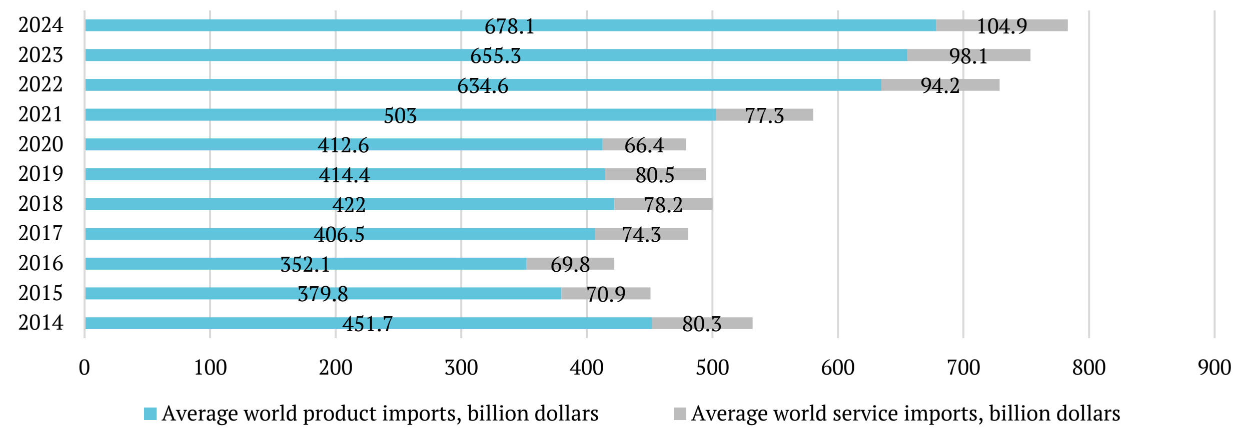

Figure 4. Imports of the OTS group of economies, 2014-2024 (regional level, billion USD)
Source: created by the authors based on International Monetary Fund (2024)

Throughout 2024, the OTS countries continued their active engagement in international trade, demonstrating strong performance in both imports and exports of goods and services. The average global import of goods reached USD 678.1 billion, while imports of services totalled USD 104.9 billion. Notably, Turkey accounted for 56% of the total import flow among OTS countries, underscoring its pivotal role in global trade and in the economic framework of the group. Hungary ranked as the second-largest exporter within the OTS, with total exports amounting to USD 181.3 billion.

In terms of export performance in 2024, Kazakhstan maintained its leading position, contributing 10.6% of the total exports of goods and services from the OTS region. It was followed by Azerbaijan, Uzbekistan, Turkmenistan, and Kyrgyzstan. These figures reflect the diverse economic contributions of individual countries to the region's overall export capacity, highlighting sectoral strengths and leading roles in various domains. Overall, these results illustrate the increasing significance of the OTS countries in international trade. Turkey serves as the principal importer, while other member states – such as Hungary and Kazakhstan – hold leading positions in different segments of the export landscape. Furthermore, Table 5 presents data on the volume of international trade across the OTS member economies, offering insight into key trends and the influence of trade flows on their economic development.

Table 5. Value of international trade by OTS country economies, 2019-2024 (billion USD and %)

Volume of exports of goods and services, %						Country	Volume of imports of goods and services, %					
2019	2020	2021	2022	2023	2024		2019	2020	2021	2022	2023	2024
23.4	16.4	26	44.6	52.3	54.5	Azerbaijan	20	16.2	17.6	22.3	24.7	25.9
65.4	52.1	65.7	90.9	97.4	100.2	Kazakhstan	50	46.6	50	60.5	65.9	68.1
3	2.4	2.2	2.8	3.5	3.8	Kyrgyzstan	5.9	4.3	6.3	10.4	12.7	13.5
248	207.9	286.66	344.5	366.2	380.1	Turkey	239	243.4	301	404.1	427.8	440.1
17.2	14.8	16.4	20.2	22.7	24.3	Uzbekistan	27.3	23.5	28.8	35.5	37.2	39.4
153.9	143.3	168.7	181.3	193.4	198.7	Hungary	142.8	134.1	164	185.3	192.4	198.5
0.083	0.106	0.135	...	...	...	TRNC	1.6	1.3	1.6	...	...	...
14.3	8.7	12.1	16	18.6	19.8	Turkmenistan	8.3	9.5	11.1	9.4	10.3	10.9

Source: created by the authors based on International Monetary Fund (2024; 2025)

Between 2019 and 2024, the OTS countries demonstrated increasing activity in international trade, as evidenced by the steady growth in both exports and imports of goods and services. Notably, countries such as Azerbaijan, Kazakhstan, Turkmenistan, and Hungary consistently maintained a positive trade balance, indicating enhanced export potential and growing competitiveness in international markets. In Azerbaijan's case, there was a marked increase in export volumes, largely attributable to the country's expanding role in energy supplies to the EU following the onset of geopolitical tensions in 2022 (Hamidova & Samedova, 2024). This trend was reinforced by the signing of a memorandum on energy cooperation with the EU, which served as a catalyst for further export growth – particularly in the supply of natural gas to European markets.

Kazakhstan also displayed stable export growth, alongside a modest rise in imports. This pattern may be linked to the country's active efforts to diversify its foreign economic partnerships. Turkey, as the leading OTS country in terms of overall trade volume, continued to demonstrate strong growth in both exports and imports, reflecting the deep integration of its economy into global markets. Meanwhile, Kyrgyzstan and Uzbekistan recorded moderate export growth, but experienced a rapid increase in imports. This trend is likely due to their growing integration into global production chains, particularly through increased trade with China.

Overall, these trends reflect positive developments in the foreign trade activities of the OTS countries, highlighting their expanding trade relations at both regional and global levels. An analysis of the export structure of the OTS member states provides insight into the degree of economic diversification and their dependence on specific goods and resources. Accordingly, Figure 5 illustrates the export diversification of the OTS member countries in 2024, showing the share of major commodity groups in total export volumes.

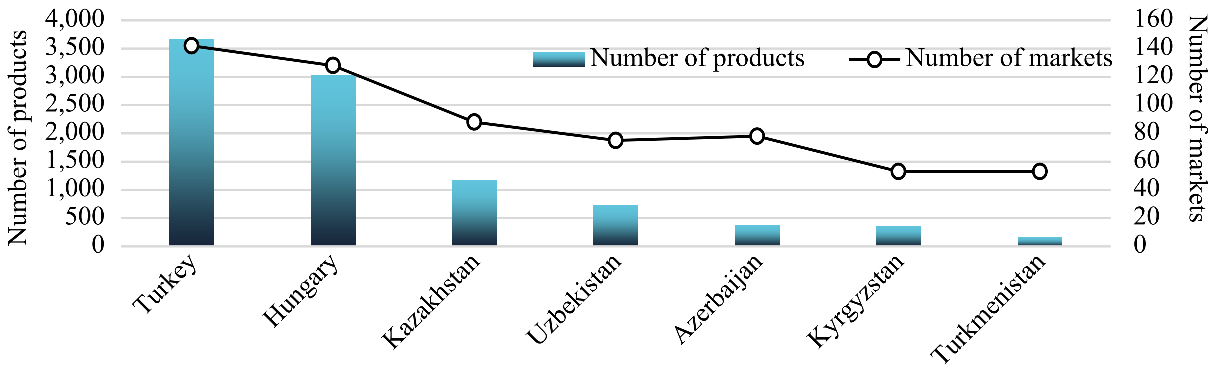

Figure 5. Export diversification of OTS participating countries in 2024 (number of product categories)
Source: created by the authors based on UN Comtrade Database (n.d.)

The structure of export activity among the OTS countries reveals significant differences in the level of diversification. Turkey and Hungary exhibit the highest degrees of integration into global trade. Forecasts for the coming year suggest that Turkey will enter a wide range of international markets with a broad spectrum of exported products, while Hungary is expected to access a similarly large number of markets, exporting several thousand product lines. In contrast, Central Asian countries such as Kyrgyzstan, Turkmenistan, Azerbaijan, and Uzbekistan continue to export a much narrower range of products to a more limited set of markets. Specifically, Turkmenistan maintains trade with relatively few markets and a restricted export product base, while Kyrgyzstan exports to an even smaller number of destinations with fewer product lines. These disparities can be partly attributed to the commodity-based nature of their export structures.

In Azerbaijan, for example, approximately 90% of exports between 2020 and 2022 were concentrated in the energy sector; similarly, in Kazakhstan, this figure exceeded 58% (UN Comtrade Database, n.d.). Meanwhile, the economies of Uzbekistan and Kyrgyzstan remain heavily reliant on gold exports, which constitute more than one-third of their total export volumes. This limited product diversification and dependence on raw materials pose challenges for economic resilience and hinder broader export expansion. Addressing this issue will require comprehensive structural reforms aimed at broadening the export base and enhancing competitiveness in international markets. To evaluate the level of economic integration and trade interaction among OTS member countries, it is essential to examine their respective shares in intra-regional trade. Accordingly, Table 6 presents data on the share of each country in the total volume of internal trade within the OTS region.

Table 6. Shares in intra-regional trade of OTS member and observer countries (%)

Country	Exports of goods (average for 2014-2024)	Exports of services (average for 2014-2024)
Members		
Kyrgyzstan	3.0%	5.1%
Turkey	40.0%	68.1%
Kazakhstan	22.4%	8.5%
Uzbekistan	12.3%	7.2%
Azerbaijan	11.5%	4.4%
Observers		
Hungary	12.9%	9.2%
Turkmenistan	3.2%	5.3%
TRNC	0.5%	...

Source: created by the authors based on UN Comtrade Database (n.d.)

Between 2014 and 2024, Kazakhstan and Turkey consistently maintained leading positions in intra-group exports and imports among the OTS countries. Turkey remained the dominant actor in regional trade, accounting for over 40% of goods exports and 68.1% of services exports, underscoring its pivotal role in shaping economic flows within the region. Kazakhstan, contributing 22.4% of intra-regional exports, also played a key role in the OTS economy and made a substantial contribution to regional trade dynamics. Alongside Uzbekistan, Azerbaijan, and Hungary, these countries collectively accounted for 36% of total trade flows within the group, highlighting their significance in fostering economic integration across the OTS.

The development of a comprehensive integration model that accounts for cross-sectoral interconnections represents a critical step towards achieving sustainable economic development in the OTS region. In the current context of globalisation and heightened economic competition, countries in the region face increasing pressure to integrate more effectively into global markets, optimise domestic economic processes, and pursue strategies that promote long-term growth. In response to these challenges, a model for assessing economic processes was developed using analytical tools and econometric methods. This model enables the incorporation of global economic trends into the analysis of regional development, supporting the evaluation of the OTS countries' progress towards deeper integration with the world economy.

The integration model for the OTS countries outlines a comprehensive set of measures aimed at strengthening economic cooperation and enhancing the efficiency of trade and investment processes across the region. A key pillar of this model is trade liberalisation, which involves reducing customs barriers, simplifying customs procedures, and harmonising regulatory standards. The implementation of this strategy could be realised through the establishment of a regional Free Trade Agreement (FTA) among the OTS member states, incorporating provisions for the reduction of both tariff and non-tariff barriers. Furthermore, the adoption of a unified customs code would promote greater transparency in foreign economic activities. A critical component of this process is the development of a unified digital customs clearance system, designed to streamline and accelerate cross-border trade operations.

Another central aspect of the integration model is the development of transport infrastructure and the modernisation of trade routes. These measures aim to reduce logistics costs and improve the speed and efficiency of goods movement across the region. A key initiative in this context is investment in the creation and expansion of international transport corridors. This includes the enhancement of railway networks, the upgrading of seaports, and the construction of logistics hubs at strategic regional locations. A particularly important initiative is the development of the "Middle Transport Corridor", which connects China, Central Asia, the Caucasus, and Europe via the Caspian Sea. For this corridor to operate effectively, it is essential to modernise the railway infrastructure linking Kazakhstan, Azerbaijan, Georgia, and Turkey; increase the capacity of the Aktau and Alat ports; and implement a unified digital cargo tracking system to automate customs and logistics procedures.

Another key aspect of the integration model is the development of transport infrastructure and the improvement of trade routes, which contribute significantly to reducing logistics costs and facilitating the faster and more efficient movement of goods. Enhancing sea, rail, and air connectivity lays a solid foundation for the expansion of foreign trade and improves the accessibility of goods and services for consumers across the OTS countries. An equally important component of the model is the active promotion of e-commerce and the development of digital infrastructure. To unlock the full potential of online trade, it is essential to establish a unified e-commerce platform within the OTS framework. Such a platform would provide an effective mechanism for the exchange of goods and services without geographical limitations. In particular, the adoption of common standards for digital payments and electronic signatures across member states would reduce bureaucratic barriers and significantly accelerate the development of online trade in the region.

To ensure a stable investment climate, it is essential to establish favourable conditions for both domestic and foreign investors. A key step in this direction is the creation of a unified investment space within the OTS, which would involve reducing regulatory barriers, streamlining business registration procedures, and introducing robust mechanisms for the protection of foreign investments. In particular, the conclusion of bilateral investment protection agreements would play a crucial role in attracting capital to strategic sectors of the economy. A separate but equally important area is the role of political stability and security as a foundation for long-term investment. This requires the strengthening of interstate political relations, including the establishment of joint economic councils to coordinate regional development policies. The introduction of a shared economic cooperation programme with a 10-15-year horizon would support the development of a coherent integration strategy, helping to mitigate the risks of short-term political and economic volatility. The proposed integration model for the OTS countries is designed to promote sustainable economic development through enhanced cooperation in key areas: trade, investment, transport infrastructure, and e-commerce. The effective implementation of these components will support stable regional growth, improve competitiveness, and facilitate deeper integration into the global economy – objectives that align with the long-term development needs of the OTS countries in the context of globalisation.

The study of economic integration among the OTS countries is essential for understanding the region's prospects for growth and stability. Scholarly works on this topic focus on analysing the economic potential and mechanisms of interaction between these countries. Particular attention is given to the role of integration in strengthening economic ties, creating new opportunities for trade and investment, and enhancing the region's competitiveness in international markets. The findings of H. Eygü (2022) and D. Donghui (2024) underscored the pivotal role of Turkey in fostering cooperation among the Turkic states through soft power, including cultural and political initiatives, as well as a strategic orientation toward multilateral mechanisms for collaboration in areas such as energy and trade. Their analysis of macroeconomic variables confirms the existence of a long-term relationship between GDP, investment in research and development, and the level of educational attainment – highlighting the significance of these factors for the economic development of the Turkic countries. Additionally, the region's geostrategic position, along with its transport and economic linkages, are identified as key drivers of the Turkic countries' integration into global economic processes (Imrani *et al.*, 2021). The results of these studies point to common themes, particularly the need to enhance regional economic cooperation, the importance of investing in research to ensure economic resilience, the critical role of transport infrastructure in connecting with global markets, and the dependence of successful integration on well-developed multilateral relations and harmonious geopolitical cooperation.

Studies by L. Hooghe & G. Marks (2019) and K. Kawasaki & K. Sato (2021) explored issues related to European integration, institutional processes within the Association of Southeast Asian Nations (ASEAN), and broader regional economic integration. These studies offer valuable comparative insights that may be relevant to understanding the integration potential of the OTS countries. Research on the effectiveness of European integration during global crises – such as the eurozone crisis – highlights the crucial role of intergovernmental ties in ensuring regional stability. Similarly, the ASEAN experience, which draws on EU integration practices, offers useful lessons for assessing how the Turkic states might adapt to emerging economic realities and external challenges. Regional economic integration models that prioritise intra-industry trade and cross-border production networks are particularly relevant to this study, as they underscore the importance of shared infrastructure and robust economic linkages for promoting growth among OTS countries. The findings related to sector-specific autonomy within integration processes also point to the need for a nuanced approach that accounts for the unique structural characteristics of each national economy within the region.

In parallel, scholars such as M. Zaman *et al*. (2021) have analysed various approaches to regional economic integration that differ from those applied in the context of the OTS countries. This work emphasised that regionalism is part of a complex developmental trajectory, rather than merely a response to trade barriers, and they place particular focus on political context and institutional frameworks. However, the emphasis on environmental and social dimensions contrasts with the findings of the present study, which centres on economic cooperation and infrastructure development. Moreover, the analysis of investment flows and trade openness policies in these studies reflects differences shaped by the specific trade and investment strategies of the OTS countries.

An examination of research on transport costs, political integration, and regional economic processes also reveals varied methodological approaches to understanding integration. Studies by M. Mustofaev (2022) focused on infrastructure-related factors, particularly the relationship between transport costs and geographical constraints, often in the context of landlocked countries. In contrast, the current study considered integration processes among OTS countries through both economic and political lenses, treating infrastructure as one component of a broader integration strategy rather than the central focus. This highlights the importance of adopting a multidimensional perspective that incorporates regional specificities when analysing integration models.

The findings of this study differ from those of M. Pangestu & S. Armstrong (2018), whose work focused on social cohesion and integration within the EU, with particular emphasis on the economic and social dimensions of integration. This study examined how economic integration influences the development of social policies, especially in the area of social protection, and stress the importance of policy harmonisation to improve the effectiveness of integration processes. However, it did not address the specific context of integration among the OTS countries, where political and cultural factors play an equally, if not more, critical role. These factors significantly shape the dynamics of interstate cooperation, the capacity for compromise, and the level of mutual trust – elements that are essential to the success of integration initiatives in the region.

Similarly, the study by J. Sekali & M. Bouzahzah (2019) focused on financial integration in Asia and the impact of global and regional shocks on financial markets. While this work offered important insights into the financial dimensions of integration, it largely overlooked the political aspects that are crucial in the context of the OTS countries. Furthermore, although this study explored the relationship between financial development and environmental indicators, it did not directly address economic integration, which formed the core of the present research. Current study proposed a more comprehensive framework for analysing the integration of the OTS countries, incorporating economic, political, and cultural dimensions. It emphasised that the removal of trade barriers and increased investment can significantly enhance economic efficiency across the region. By employing various integration models, it becomes possible to account for both economic and social factors, thereby laying the foundation for a stable and cohesive regional integration platform.

CONCLUSIONS

A comprehensive analysis of socio-economic indicators, foreign trade dynamics, GDP structure, unemployment rates, and fiscal and debt stability across the member and observer countries of the OTS demonstrates that the gradual implementation of the regional economic integration model has created favourable conditions for the intensification of trade relations. The expansion of international trade volumes can be attributed to several key factors, including the reduction of customs tariffs, elimination of regulatory barriers, simplification of cross-border trade procedures, and improvements in the overall investment climate – particularly in countries such as Turkey, Kazakhstan, Azerbaijan, and Uzbekistan.

This positive trend in trade exchange has been supported by active logistical cooperation, including the development of railway corridors, the expansion of sea routes, and the enhancement of air transport infrastructure. These improvements have significantly accelerated export-import operations and increased the competitiveness of regional products. Furthermore, OTS member states have begun to strengthen their positions in global trade supply chains through advances in production technology, diversification of export structures, and the expansion of export markets. For instance, Turkey, Hungary, and Kazakhstan demonstrated a broad range of export products and access to a large number of international markets, whereas other countries such as Kyrgyzstan and Turkmenistan continue to exhibit more limited export diversification.

Regional economic integration efforts have also positively influenced the investment climate within OTS member countries. These developments have fostered increased investment activity and opened up new, profitable business opportunities. Political stability, ensured through the mechanisms of the OTS, serves as a crucial foundation for maintaining investor confidence and securing long-term investments. Moreover, integration into regional economic structures enables member states to create favourable conditions for attracting investment in innovative technologies and strategic infrastructure projects.

As a result, the implementation of regional integration processes within the OTS has not only strengthened economic ties among member states but also established a stable platform for long-term development, enhanced investment attractiveness, and contributed to the harmonisation of trade policies. The growing experience in the field of e-commerce is fostering the creation of a borderless trading environment. It is essential to enhance the user experience for both buyers and sellers, enabling them to navigate and participate in online trading platforms with ease. To support this, dedicated organisations and programmes should be developed to promote e-commerce adoption across OTS countries. Such initiatives would incentivise entrepreneurs to engage in online trade, join regional e-commerce platforms, and contribute to the growth of seamless cross-border commerce.

Among the limitations of the present study is restricted access to comprehensive data on actual economic relations between OTS countries, which constrains the depth of analysis. Another significant limitation lies in the unpredictability of global economic and political developments, which may influence regional integration processes and complicate the assessment of the long-term effectiveness and impact of the proposed measures. Key areas for further research into the potential of regional economic integration among OTS countries include examining the impact of digital technologies – such as blockchain and e-commerce – on the simplification of customs procedures and the facilitation of interstate trade. Future studies could also focus on the development of joint investment projects in strategic sectors, which would enhance economic resilience and foster sustainable growth across the region.

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Дослідження та аналіз можливостей регіональної економічної інтеграції країн Організації тюркських держав

Анотація. Це дослідження було проведено з метою розробки комплексної моделі економічної інтеграції країн-членів Організації тюркських держав. Модель враховує міжгалузеві зв'язки, які сприяють економічному розвитку регіону. Використання статистичного та порівняльного аналізу економічних показників як країн-членів, так і партнерів по регіональному співробітництву дозволило оцінити потенціал інтеграції та визначити ключові шляхи його поглиблення. Результати дослідження засвідчили, що аналіз економічного розвитку країн-членів Організації тюркських держав свідчить про стійке зростання валового внутрішнього продукту, незважаючи на глобальні економічні потрясіння. З'ясовано, що ці країни змогли зберегти економічну стабільність завдяки раціональному використанню внутрішніх ресурсів, розвитку енергетичного сектору, залученню іноземних інвестицій та диверсифікації економіки. Порівняння темпів економічного зростання між державами-членами Організації тюркських держав і країнами Європейського Союзу вказує на те, що, хоча рівень валового внутрішнього продукту на душу населення в тюркських державах залишається нижчим, ці країни мають значний потенціал для підвищення цього показника шляхом подальшого розвитку інфраструктури, підтримки підприємництва та поступової інтеграції у світову економіку. На основі отриманих даних було розроблено комплексну модель економічної інтеграції між державами-членами Організації тюркських держав, яка демонструє потужний потенціал для активізації торговельної діяльності та стимулювання регіонального економічного зростання. Аналіз підтвердив, що інтеграція в таких сферах, як зменшення торговельних бар'єрів, покращення транспортної інфраструктури та заохочення інвестицій, може значно полегшити взаємний обмін товарами та послугами. Результати засвідчили, що зміцнення економічного співробітництва сприятиме сталому розвитку країн-членів Організації тюркських держав. Це забезпечить ефективне використання спільного економічного потенціалу, розширить інвестиційні можливості, підвищить конкурентоспроможність на міжнародних ринках, створить сприятливі умови для інтеграції торговельних ініціатив

Ключові слова: міжнародна торгівля; розвиток інфраструктури; інвестиційні можливості; економічна конкурентоспроможність; міждержавні ініціативи