

ANALYSIS OF TRADE RELATIONS BETWEEN TURKEY AND THE COUNTRIES OF THE ORGANISATION OF TURKIC STATES

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Introduction. When the Central Asian Turkic-speaking countries and Azerbaijan declared their independence, Turkey was the first country to recognise their independence. When referring to the Turkic-speaking countries of Central Asia, this means Kazakhstan, Uzbekistan, Turkmenistan and Kyrgyzstan. Since 1992, diplomatic relations have been established between Turkey and these countries, and foreign trade relations have begun to develop. Turkey has taken steps to strengthen the economies of the newly independent Turkic-speaking countries and to increase cooperation in the region. In 1992, at the first summit of presidents of Turkic-speaking countries in Ankara, Turkish President Turgut Ozal stressed the need for a common market, simplification of customs regimes and the removal of other obstacles to the development of economic relations [2]. However, the efforts to increase cooperation in the region at the beginning of the 20th century were ignored. Ignoring this, the presidents of the Turkic-speaking countries decided to establish the Cooperation Council of Turkic-speaking States at the Nakhchivan Summit [4]. In 2021, the name of the Turkic Council was changed to the Organisation of Turkic States, and since that year there has been a significant increase in the volume of foreign trade between the countries. Turkey has signed a number of agreements with other Turkish states to increase economic cooperation in the region.

Analysis of recent research and publications. The article analyses the trade between Turkey and other countries on the basis of statistical data from the trade map. The information published by the Ministry of Foreign Affairs of the Republic of Azerbaijan and Turkey was analysed and used. The paper analyses the works of Akay B. "Türkiye and Azerbaijan Economic Relations: Bilateral Revealed Comparative Advantage Perspective" [1], Argali M. "The Place and Importance of Kyrgyzstan in Turkish Foreign Policy from a Constructivist Perspective" [3] and other authors.

Objectives of the article. The aim of the study is to analyse the trade relations between Turkey and Turkic-speaking countries in recent years and to show how the COVID-19 pandemic has affected foreign trade between these countries.

The main material of the study.

Analysis of Foreign Trade between Turkey and Azerbaijan

Bilateral trade relations between Turkey and Azerbaijan have been established since 1992, when the Trade and Economic Cooperation Agreement was signed between the two countries. Finally, investment treaties against double taxation were signed [6]. Thanks to these agreements, the total volume of trade between the two countries reached 3.3 billion USD in 2022. Table 1 shows Turkey's trade in goods with Azerbaijan in 2017–2022:

Table 1

Indicators of Turkey's foreign trade relations with Azerbaijan (in billions of USD)

	Exports	Imports	Trade balance	Total trade
2017	1.357	0.351	1.006	1.708
2018	1.474	0.378	1.096	1.852
2019	1.789	0.411	1.378	2.2
2020	2.085	0.411	1.674	2.496
2021	2.342	0.751	1.591	3.093
2022	2.527	0.836	1.691	3.363

Source: compiled on the basis of [13]

Table 1 shows that in 2017, Türkiye transferred 1.357 billion to Azerbaijan. exported goods in the amount of dollars. Turkey's exports to Azerbaijan show an increasing trend between 2017 and 2022. In 2022, among the goods exported from Turkey to Azerbaijan, iron products and medical equipment used in construction were of particular importance [11]. Similar to exports, Turkey's imports from Azerbaijan showed an increasing tendency during the year. Among the goods imported from Azerbaijan to Turkey, oil products and cotton had a special weight [11]. As Turkey's exports to Azerbaijan exceeded its imports, Turkey had a positive trade balance. Treatments in the middle of the scale will continue between 2021 and 2022. In addition, there have been efforts to increase cooperation in the region with the wounding of the Organisation of Turkic States. The Covid-19 pandemic has not been resolved due to the reduction of Azerbaijani trade disruptions in Turkey.

Between 1995 and 2021, foreign direct investment (FDI) from Turkey to Azerbaijan amounted to 13.3 billion USD, with Turkish companies mainly involved in sectors such as energy, manufacturing, telecommunications, banking and insurance, construction, transport and healthcare. Conversely, Azerbaijani investment in Turkey has grown significantly in recent years, totalling 20.3 billion USD over the same period, with a focus on the energy sector[1].

Analysis of Foreign Trade between Turkey and Kazakhstan

Kazakhstan is known as the ninth largest country in the world with an area of 2,724.9 km². It is the second largest Turkic state in terms of GDP and population after Turkey. Kazakhstan has achieved significant economic growth in the region since the early 2000s. It is the country that attracts the most foreign investment among the Turkic-speaking countries because it is a new and large market and has underground resources. In addition, the majority of foreign companies based in Kazakhstan are of Turkish origin [5].

Agreements and protocols aimed at expanding trade relations between Kazakhstan and Turkey include the following:

- Trade and Economic Technical Cooperation Agreement
- Agreement on Mutual Administrative Assistance and Cooperation in Customs Matters
- Agreement on Mutual Promotion and Protection of Investments
- Double Taxation Avoidance Agreement
- Long-term Trade and Economic Cooperation Agreement
- Ministry of Customs and Trade of the Republic of Turkey and the Republic of Kazakhstan
- Memorandum of Understanding between the Ministry of Finance on the establishment of the Joint Customs Committee [7].

Turkey is Kazakhstan's largest trading partner among Turkic-speaking countries. Table 2 shows the exports and imports of Kazakhstan and Turkey from 2018 to 2022.

Table 2

Turkey's indicators of trade with Kazakhstan (in billions of USD)

	Exports	Imports	Total Trade
2018	0.695	1.470	2.165
2019	0.9	1.403	2.303
2020	0.985	1.180	2.165
2021	1.288	1.595	2.883
2022	1.607	3.514	5.121

Source: compiled on the basis of [14]

Table 1 shows that in 2021-2022 the volume of trade in goods between countries has increased significantly compared to previous years. The main reason for this is the establishment of the Organisation of Turkic States (OTS) in 2021. As is known, the purpose of this organisation is to increase cooperation between member countries, which is also the main purpose of other regional organisations. Despite the fact that the OTS is still a very young organisation, it has managed to make progress in this direction. The volume of trade between Turkey and Kazakhstan in 2022 was 5.121 billion USD.

In 2022, oil and oil products, precious metals such as gold, silver, and copper will be the most important goods exported by Kazakhstan to Turkey, while medical devices, cars, and textiles will be the most important imported products [12].

Analysis of Turkey's Foreign Trade Relations with Uzbekistan in Figures

After Kazakhstan, the Republic of Turkey is Uzbekistan's largest trading partner in the Organisation of Turkic States. Uzbekistan's exports to Turkey include copper, copper and copper alloys, and ethylene polymers, while imports from Turkey include medical equipment and household appliances [9]. The table below (Table 3) shows that Turkey's exports and imports with Uzbekistan showed an increasing trend. In 2020, due to the COVID-19 pandemic, some tension was observed in the trade between the countries. As Turkey's exports to Uzbekistan exceeded its imports during this period, Turkey had a positive trade balance. Although fluctuations were observed in the trade balance between the countries and the total volume of trade in 2017–2022, an overall growth was recorded. After 2021, the trade volume between the countries reached its peak, mainly due to the increase in cooperation between the countries with the establishment of the Organisation of Turkic States.

Table 3

Turkey's foreign trade indicators with Uzbekistan (in billions of USD)

	Exports	Imports	Trade balance	Total trade
2018	0.951	0.795	0.156	1.746
2019	1.232	1.140	0.092	2.372
2020	1.154	0.969	0.184	2.123
2021	1.841	1.8	0.041	3.641
2022	1.877	1.682	0.195	3.6

Source: compiled on the basis of [16]

Analysis of Foreign Trade Relations between Turkey and Kyrgyzstan in Figures

Kyrgyzstan's trade relations with Turkic-speaking countries have developed more broadly, with products such as agriculture and textiles. Kyrgyzstan supports increasing economic cooperation and strengthening diplomatic relations with member and observer countries of the organisation. Such relations not only promote Kyrgyzstan's economic progress, but also strengthen regional cooperation among Turkic states.

Agreements and protocols were signed to improve trade infrastructure with Turkey. Among them are the following:

- 1997 Agreement on Trade and Economic Cooperation;
- 1998 Agreement on Mutual Administrative Assistance in Customs Matters;
- 1999 Agreement for the Avoidance of Double Taxation
- 2018 Agreement on Reciprocal Promotion and Protection of Investments
- Memorandum of Understanding dated 2018 on the establishment of the Joint Customs Council [3].

Figure 1 shows that Türkiye's exports to Kyrgyzstan have been growing steadily, with the exception of 2020. The reason for the decline in 2020 was likely due to the crisis caused by the COVID-19 pandemic. A decrease in Türkiye imports to Kyrgyzstan was observed during 2017–2022. Thus, in 2017, the volume of imports was 143 million USD, and in 2022 – 120 million USD. Since Turkey's exports to Kyrgyzstan are higher than its imports, Turkey has a positive trade balance with Kyrgyzstan. As for the volume of trade between the countries in 2017–2022, an increase of more than two times can be observed at the end of the period compared to the beginning of the period. The main reason for this is the establishment of the Organisation of Turkic States and the development of trade relations between the states of the region. The Organisation of Turkic States aims to increase cooperation not only in the economic sphere, but also in areas such as education, culture and health.

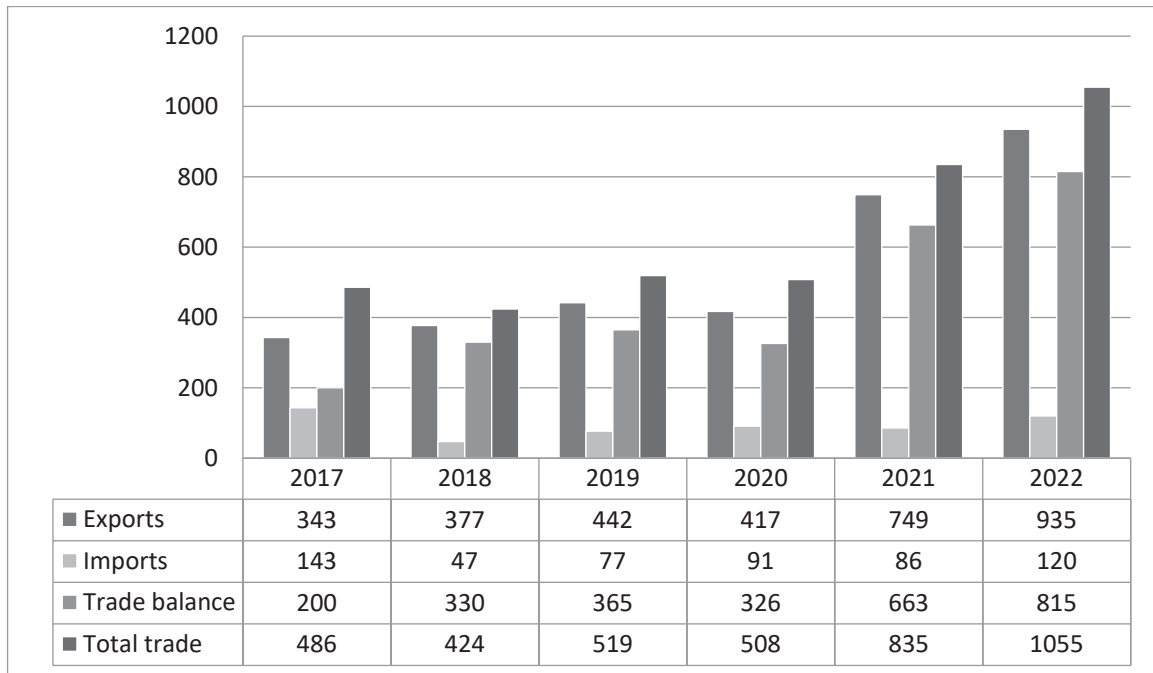


Figure 1. Turkey's foreign trade with Kyrgyzstan (in millions of USD)

Source: compiled on the basis of [15]

Analysis of Turkey's Foreign Trade Relations with Turkmenistan

Since Turkmenistan's independence, Turkish entrepreneurs have played a significant role in the country's development, with around 600 Turkish companies operating in the country. In recent years, Turkmenistan has become the leading destination in Central Asia for Turkish contractors, with Turkish companies undertaking numerous projects. From Turkmenistan's inception to the present day, Turkish companies have been involved in contracts worth over 50 billion USD [8]. Figure 2 shows the commodity trade figures between Turkey and Turkmenistan between 2017 and 2022.

It is clear from Figure 2 that Turkey's exports to Turkmenistan decreased in 2018. However, in 2022, the volume will reach 1.1 billion USD. Among the goods exported by Turkey to Turkmenistan in 2022, the volume

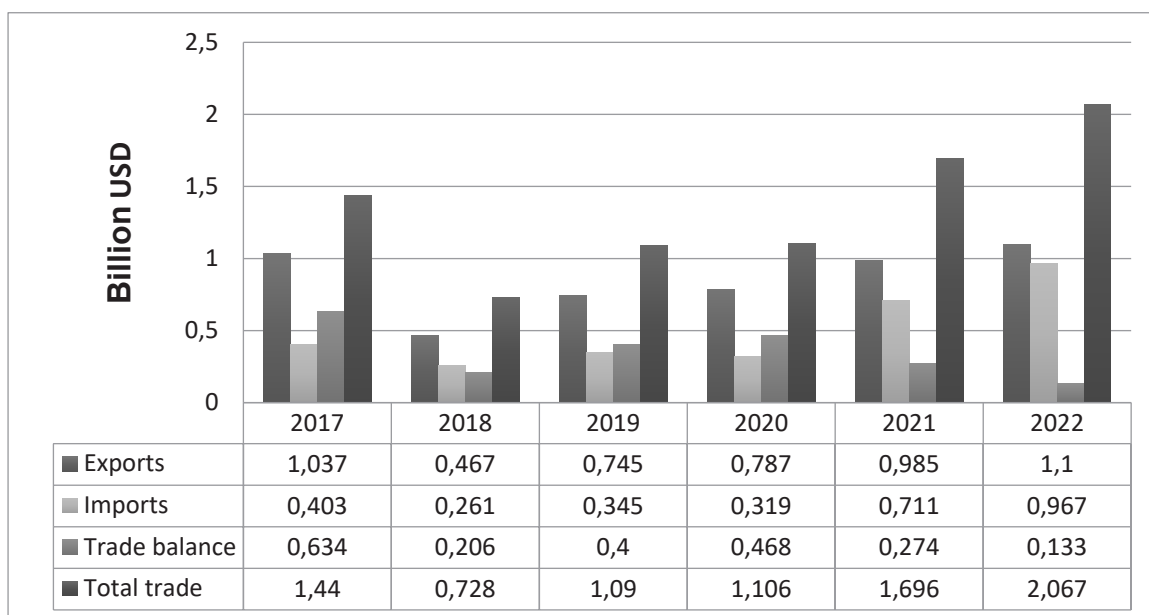


Figure 2. Turkey's foreign trade indicators with Turkmenistan

Source: compiled on the basis of [17]

of iron products used in construction and household appliances is large [10]. The amount of goods imported by Turkey to Turkmenistan in 2022 will be about 1 billion USD. Among the imported goods, petroleum products and cotton are the largest imports (country profile). Foreign trade between the countries reached its highest volume in 2022 compared to previous years. This year, 2.067 billion was recorded in dollar terms between the countries.

Conclusions. Since 1991, the Republic of Turkey has formally recognised the independence of the Central Asian Turkic states and Azerbaijan. Diplomatic relations between these countries were established in 1992 and have been characterised by mutual respect and cooperation. In the early 1990s, these Turkish-speaking nations sought to integrate the region, but faced various challenges in achieving this goal. In order to increase its trade with other Turkish-speaking countries, Turkey signed several agreements, including the Free Trade Agreement (FTA) with Azerbaijan. These agreements have contributed significantly to the growth of their economies and the well-being of their people, and represent an important milestone in their bilateral relations.

The establishment of the Turkic Council in 2010 marked a significant milestone in relations between these countries. This regional organisation has played a crucial role in promoting political, economic and cultural cooperation, as well as in resolving conflicts and enhancing security in the region. In 2021, the Council of Turkic States was established to deepen integration and cooperation between member states.

Despite the challenges posed by the COVID-19 pandemic, trade relations between Turkey and the countries of the organisation have remained resilient and even strengthened in 2021, when the Organisation of Turkic States was established. This has led to increased trade and investment, as well as increased cultural and educational exchanges between the countries. It is expected that Turkey's bilateral relations with the countries of the Organisation of Turkic States will continue to grow, bringing more benefits to the people and economies of the region.

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UDC 339

JEL F5

Konul Aghayeva, Ph.D., Associate Professor, Azerbaijan University of Architecture and Construction; Azerbaijan State Economic University. **Jabrayil Valiyev**, Ph.D. in Economics, Lecturer. **Amrah XXX**, Master Student, Azerbaijan State Economic University. **Analysis of trade relations between Turkey and the countries of the Organisation of Turkic States.**

In today's world, countries often face crises. The last major crisis the world faced was the COVID-19 epidemic that occurred after the 2008 financial crisis. Avoiding crises is very difficult for any country. Many countries are trying to strengthen regional or international cooperation. Turkey has recognised the independence of the Central Asian Turkish states and Azerbaijan since 1991. Diplomatic relations between these countries were established in 1992, with mutual respect and cooperation coming to the fore. In the early 1990s, the Turkish-speaking countries sought to integrate the region, but faced various difficulties in achieving this goal. In order to strengthen its trade with other Turkish-speaking countries, Turkey has signed various agreements, such as the Free Trade Agreement (FTA) with Azerbaijan, which contribute to the growth of its economy and the welfare of its people. The Organisation of Turkic States is an excellent example of regional cooperation, and Turkey has always sought to strengthen bilateral relations with the Central Asian Turkic states and Azerbaijan. While economic relations between Turkey and the Turkic-speaking countries did not meet expectations in the last century, these countries developed bilateral economic relations in the early 2000s. This article aims to examine how economic relations between the countries of the organisation have developed with the establishment of the Organisation of Turkic States in 2021. Among the goods imported by Turkey from Central Asia in 2022, agricultural products and energy raw materials will account for the largest volume. Among the goods exported from Turkey to Turkish-speaking countries, the largest volumes are metered pharmaceuticals, textiles, and machinery. Among Turkish states, Turkey's largest trading partners are Azerbaijan and Kazakhstan. Turkey's trade with Azerbaijan and Kazakhstan did not decline in 2020, when COVID-19 spread.

Key words: Turkey, Organisation of Turkic States, foreign trade, cooperation, Central Asia.

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У сучасному світі країни часто стикаються з кризами. Останньою великою кризою, з якою зіткнувся світ, стала епідемія Ковіда-19, яка виникла після фінансової кризи 2008 року. Уникнути криз дуже складно для кожної країни. Багато країн прагнуть посилити регіональне або міжнародне співробітництво. Туреччина визнала незалежність центральнопозитських турецьких держав і Азербайджану з 1991 року. У 1992 р. між цими країнами були встановлені дипломатичні відносини, де виникла взаємна повага і співпраця. Турецькомовні країни прагнули інтегрувати регіон на початку 1990-х років, але зіткнулися з різними труднощами у досягненні цієї мети. Для посилення своєї торгівлі з іншими турецькомовними країнами, Туреччина підписала різні угоди, такі як Угода про вільну торгівлю з Азербайджаном, які сприяють зростанню їх економіки та благополуччю їх народів. Організація турецьких держав є відмінним прикладом регіонального співробітництва, і Туреччина завжди прагнула зміцнювати двосторонні відносини з центральнопозитськими турками та Азербайджаном. Хоча економічні відносини між Туреччиною та турецькомовними країнами не відповідали очікуванням у минулому столітті, ці країни розвивали двосторонні економічні стосунки на початку 2000-х років. Ця стаття спрямована на вивчення того, як розвивалися економічні відносини між країнами організації з моменту заснування Організації турецьких держав у 2021 році. Серед товарів, що імпортуються Туреччиною з Центральної Азії в 2022 році, сільськогосподарська продукція та енергетична сировина матимуть більший обсяг. Серед продуктів, що експортуються з Туреччини в турецькомовні країни, найбільшим обсягом є дозовані фармацевтичні продукти, текстиль та техніка. Серед турецьких держав найбільшими торговельними партнерами Туреччини є Азербайджан і Казахстан. Обсяг торгівлі Туреччини з Азербайджаном і Казахстаном не зменшився в 2020 році, коли поширився Ковід-19.

Ключові слова: Туреччина, організація турецьких держав, зовнішня торгівля, співпраця, Центральна Азія.