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# **Hungarians in the East? Review of the decade of relations between Hungary and the Turkic States countries**

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# MCC CIE Papers

Publisher:

MCC Center for International Economy

Address:

1113 Budapest, Tas vezér utca 3-7.

<https://cie.mcc.hu>

Editor:

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Budapest 2024.

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ISSN 3004-2607

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Asia  
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## **Abstract**

From the point of view of foreign relations — whether economic, political or diplomatic — medium and long-term plans are crucial to the policy of any state. This ability opens the doors to building new relationships that can promote the country's economic diversification. Hungary, one of the European nations, has long been committed to these goals. In recent years, Hungary has focused its strategy on foreign economic priorities and has concentrated on opening up to the East. This began with the adoption of a foreign trade strategy in 2010. Since then, the country has gradually established closer economic relations with Eastern countries, particularly in Asia. This strategy includes not only East Asian countries, but also Central Asian countries. An important reason for this approach is the rejuvenation of economic and trade relations while at the same time diversifying the sources of supply in the Hungarian energy sector — a priority for several years.

**Keywords:** Hungary, Central Asia, Organization of Turkish States, Economy, Opening to the East

## **Introduction**

From a strategic perspective, the formulation of medium to long-term plans for a nation's foreign relations is crucial and encompasses economic, political and diplomatic dimensions. Such strategies are crucial as they allow a state to expand and enrich its global connections and forge new alliances that can promote economic diversity within the nation itself. Hungary is an example of a European nation that consistently prioritizes these goals. In recent years, this focus has been reflected in the country's policies aimed at cultivating relations with eastern markets.

Hungary's strategy of opening up to the East, launched in 2012, signals a decisive shift towards strengthening economic relations with Asian countries in particular. This strategic orientation not only includes the East Asian countries, but also extends to the Central Asian countries.

## **The Direction of Hungarian Foreign Policy and Foreign Trade Strategy After 2011**

After 2008, the global economy changed dramatically, shifting the balance of power between different regions. This change affected Hungary's foreign trade opportunities and influenced the EU market in general. Eastern European and Asian countries that were not members of the EU gained in importance, which led to a re-evaluation of these regions and the discovery of their economic potential.

In 2008, the European Union initiated the [Eastern Partnership](#) program. The aim was to build closer relations with Azerbaijan, Belarus, Georgia, Moldova, Armenia and Ukraine. In addition

to the goal of improving governance and institutional systems in these regions, economic goals were also formulated. For example, free trade agreements were concluded with Ukraine, Georgia and Moldova — later also with Azerbaijan and Armenia — and steps were taken towards energy security and better connections in the energy and transportation networks. This was particularly necessary because Russian natural gas supplies via Ukraine were frequently interrupted until 2010 due to unpaid transaction fees and unresolved [debts](#) between Russia and Ukraine. As a result, the EU saw an increasing need for an independent and secure energy route. These changes have significantly influenced Hungary's foreign trade strategy, which was established in 2012.

For Hungary, geographically close relations with the Eastern countries are both natural and essential. At the same time, it was crucial to develop foreign relations without jeopardizing Western interests or existing agreements. This dual necessity gave rise to the "Open to the East - Holding on to the West" [strategy](#) presented by the Ministry of National Economy in 2012. The main objective of the strategy was to expand relations with Southeast Asia and Central Asia — both directly through the expansion of exports and indirectly through supplier relations. To maintain equilibrium, Hungary aimed to foster cooperation with Western partners for ongoing investments and advancements in areas such as (you have mentioned suppliers in your previous sentence) research and development. Key objectives for opening up to the East included:

- Doubling Hungarian exports;
- Developing exports from Hungarian small and medium-sized enterprises;
- Doubling foreign direct investment into Hungary.

To achieve these goals, Hungary's government implemented three primary instrument systems:

- Boosting economic diplomatic activities toward new foreign trade directions;
- Strengthening its network of foreign trade diplomats;
- Establishing trading houses that connect domestic SMEs with international markets to promote Hungarian products abroad.

### **Only Central Asia and Hungary?**

When we talk about Hungary's relations with the Central Asian countries, we cannot ignore the Organization of Turkic States<sup>1</sup> (formerly called the Turkic Council or the Cooperation Council of Turkic Speaking States), of which Hungary is also an observer member (together with Turkmenistan and Northern Cyprus).

Trade relations between Hungary and the Turkish countries changed a lot between 2001 and 2022. Things really shifted after 2010. Upon examining both imports and exports between Hungary and Azerbaijan, Kazakhstan, Kyrgyzstan, Türkiye, Turkmenistan and Uzbekistan, Hungarian imports from Azerbaijan rose sharply in 2018. A significant increase in the volume of exported goods from Azerbaijan to Hungary in 2014 resulted in the export of crude oil and crude oil products worth USD 71 million.

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<sup>1</sup> The organization is a geopolitical and economic organization that unites several Turkic-speaking countries and was founded on 3rd of October 2009. Its official members are currently Azerbaijan, Kazakhstan, Kyrgyzstan, Türkiye and Uzbekistan.

In 2018, Hungary imported live poultry, plant seeds, canned vegetable products, mineral and carbonated waters, high-octane gasoline, pharmaceuticals, chemical products, ferrous metallurgy, light industry products and various types of measuring equipment. Mainly, medical equipment and machinery used in the construction industry was exported from Azerbaijan to Hungary.

Azerbaijan-Hungary trade turnover (USD million)			
Year	Turn over	Import	Export
2014	95.9	23,9	72,0
2015	27,9	27,7	0,240
2016	41,1	40,1	0,911
2017	43.2	41.34	1.9
2018	67.4	65.9	1.5
2019	35.697	35.027	0.670
2020	38.8	37.7	1
2021	35.16	33.37	1.79
2022	47.4	45.1	2.3

Source: [Ministry of Economy of the Republic of Azerbaijan](#)

Following this period these figures somewhat declined, but have shown ups and downs since 2010, with a notable peak in 2016. Imports from Kazakhstan have generally increased, especially in 2017-2018. This upward trend remained largely constant until 2022, with some minor spikes. Hungarian imports from Kyrgyzstan were low and fluctuating during this period. In 2022, however, there was a big jump to 242.6 million forints.

As for Türkiye, imports have risen steadily since 2010. There was a notable increase between 2020 and 2022, indicating stronger trade relations. The data for imports from Turkmenistan is mixed; there was a significant increase in 2005 and 2008. Growth resumed in 2022, but did not reach previous highs. Imports from Uzbekistan fluctuated in 2006 and 2007 and continued to rise between 2020 and 2022.

Exports to Kazakhstan have also risen since 2010, with a significant increase between 2020 and then again in 2022, indicating better trade relations. Hungarian exports to Kyrgyzstan fluctuated but also rose sharply in 2022, reaching up to 7,987.3 million forints (stay consistent with your method of listing numbers – stick to either using the actual number or writing it out. Generally, using the actual numbers is more concise and professional – saves space) Exports to Türkiye have risen steadily since around 2010, but recorded a slight decline in 2021-2022.

Türkiye-Hungary trade turnover (USD million)				
Years	Export	Import	Balance	Volume
2019	1.423	1.308	+115	2.731
2020	1.263	1.471	-207	2.734
2021	1.40	1.645	-245	3.045
2022	1.597	1.849	-252	3.446

Source: [Turkish Statistical Institute](#)

Exports to Turkmenistan have been inconsistent over the years, with no clear trend emerging for around ten years. The exports to Uzbekistan have generally increased for around ten years, but still show some typical fluctuations overall.

In summary, it can be said that trade relations between Hungary and the Turkish countries have generally better since 2010 and have made a big leap in both imports and exports. It is important to note that most of these positive changes are due to specific sectors and individual projects. These projects between Türkiye and Hungary were often ad hoc (and still are). In some sectors and specific bilateral cases, such as between Hungary and Kazakhstan, there is either no significant or only a steady trend.

Türkiye, Kazakhstan and Azerbaijan are Hungary's most important trading partners, whose trade volumes are constantly increasing. In contrast, trade with Kyrgyzstan, Turkmenistan and Uzbekistan is declining, but has also shown a positive trend recently. Kazakhstan is currently Hungary's most important partner in Central Asia.

### **Investment relations between Hungary and the Turkic States countries**

Among the Turkish countries, Türkiye is Hungary's most important trading partner in terms of both imports and exports, closely followed by Kazakhstan. Other Turkish countries, including Azerbaijan, Uzbekistan, Kyrgyzstan and Turkmenistan, account for a smaller share of Hungary's trade. From trade relations to investment relations.

An important result of Hungarian cooperation with the Turkish countries is Hungary's accession to the Turkish Investment Fund, which held its first meeting in Istanbul. The Hungarian Eximbank provided the member countries with a credit line of around EUR 380 million. Of this fund, EUR 200 million was allocated to Türkiye, while Azerbaijan, Kazakhstan and Uzbekistan each received EUR 80 million. Kyrgyzstan was allocated around 30 million euros. Based on public information, these amounts may have changed since then. It is currently known that the Uzbek Foreign Trade Your National Bank has signed a contract for a credit line of 50 million euros with Hungarian Eximbank.

At the recent Hungarian-Uzbek Business Forum, which took place in March 2023, it was confirmed that a special industrial zone for Hungarian companies will soon be established near Tashkent. This zone will allow Hungarian companies to invest with special privileges. The Hungarian Foreign Minister also announced the imminent establishment of a fund to provide financial support to these companies.

The Hungarian-Kyrgyz Development Fund has been operating in Kyrgyzstan since 2021 with an initial capital of USD 16 million. Both parties plan to increase the capital to USD 50 million. This fund has been financing applications from companies of both Kyrgyz and Hungarian origin since 2022.

A Kazakh-Hungarian private equity fund with an authorized capital of USD 40 million (USD 20 million from each side) has been operating in Kazakhstan since 2016 and was established by Magyar Eximbank together with NUH KazAgro. Separately, this bank has opened or plans to open credit lines of USD 120 million in Azerbaijan and USD 200 million in Türkiye. In addition, Magyar Eximbank has agreed to participate as a financing partner in the reconstruction efforts in Nagorno-Karabakh and maintains representative offices in Kazakhstan and Türkiye.

The Hungarian (? Are you using the name Magyar or Hungarian Eximbank, choose one and stick to it) Eximbank's overall credit limits show a high level of activity in Türkiye, Azerbaijan and Uzbekistan as priorities, while demonstrating an institutional presence that supports the ongoing development of cooperation with Kazakhstan and Kyrgyzstan. Foreign direct investment is an indicator of the growing cooperation between these countries. An initial analysis shows that most Hungarian investments flow to Turkish countries such as Azerbaijan, Kazakhstan and Kyrgyzstan, where there was a significant increase in foreign FDI in various sectors such as the oil industry during the year, mainly due to MOL activities that specifically benefit Azerbaijan (1.8 percent FDI).

Kyrgyzstan received the most FDI from 2007 to 2022, amounting to USD 16 million, while the data for Uzbekistan indicates potentially increased bilateral partnerships, as evidenced by frequent forums where business talks are increasingly held leading to the signing of agreements on joint projects (e.g. processing of agricultural products or chocolate production).

To summarize, we can tell that Hungary's trade partnerships, especially with Türkiye, play a pivotal role as they strengthen professional relationships in numerous strategic sectors -- in addition to a remarkable increase in investment. They seamlessly enhance the regional economic landscape in an interconnected framework that binds the community to broader trade borders and creates clearer connectivity, inclusive growth amidst exchanged value propositions that represent a dynamic, forward-looking perspective.

## **The most important partners in Central Asia**

### ***Kazakhstan***

In recent years, Kazakhstan has developed into an indispensable economic player in the Central Asian region. Thanks to its geographical location and natural resources, the country has excellent opportunities to create a well-designed investment environment that can attract Western European FDI to the region.

The revitalization of Hungary's foreign trade and diplomatic relations with Kazakhstan took place within the framework of the Eastern Open foreign trade strategy adopted in 2012, under which Hungary began active cooperation not only with the countries of the East Asian region, but also with the countries of Central Asia. The reason for this, in addition to the revitalization of economic and trade relations, is that the diversification of procurement sources in the Hungarian energy sector has been a priority for several years.

In strengthening economic relations between Kazakhstan and Hungary, Hungary's [goals](#) include involving Hungarian companies in the modernization of Kazakhstan's agriculture and manufacturing sectors, expanding cooperation in the pharmaceutical and healthcare sectors, exporting Hungarian knowledge and technology and reviving relations in vehicle manufacturing and tourism.

In 2020, Hungary [was](#) Kazakhstan's fourth largest trading partner among the CIS countries (after Russia, Ukraine and Belarus). Trade turnover between Kazakhstan and Hungary amounted to USD 99.8 million in the period January-August 2022, which is 11.8 percent more than in the same period last year (USD 89.3 million).

[According](#) to the Kazakh Economic Research Institute, exports from Kazakhstan to Hungary increased by 13.9 percent or USD 8.6 million in January-August 2022, with the increase mainly due to the export of bird feathers (used to line clothing products) from zero to USD 1.2 million. The main export products from Kazakhstan to Hungary in 2022 were also liquefied propane worth 6 million dollars (with a share of 69.2 percent), bird feathers worth 1.2 million dollars (13.9 percent) and fish worth USD 510,000 (5.9 percent).

The range of products imported from Hungary to Kazakhstan from January to August 2022 increased by 11.6 percent, i.e. 91.2 million dollars, with the increase being due to the increase in computer technology products (9.1 million dollars, from 15 to 24.1 million dollars), air or vacuum pumps, compressors and fans worth 11.7 percent (from 13 to 14.5 million dollars). The main import goods to the Republic are computer equipment 24.1 million dollars (with a share of 26.4 percent), pharmaceutical products - 14.5 million dollars (15.9 percent), air or vacuum pumps, compressors and fans - 6.9 million dollars (7.5 percent), other pharmaceutical products - 3.6 million dollars (3.9 percent) and live poultry - 3.5 million dollars (3.8 percent).

## ***Uzbekistan***

Economic relations between the two countries reached a new level after the opening of the East. One of the results of this opening was the opening of the Hungarian embassy in Tashkent. A good example of the dynamic development of Hungarian-Uzbek economic and diplomatic

relations is the official visit of Hungarian Prime Minister Viktor Orbán to Uzbekistan at the end of [March 2021](#), during which he was personally received by Uzbek President Shavkat Mirziyoyev. At the meeting in Tashkent, the Hungarian and Uzbek prime ministers signed a joint declaration on the [strategic partnership](#) between Uzbekistan and Hungary and the cooperation program between the two countries for 2021-2023.

When evaluating cooperation between Hungary and Uzbekistan, it is important to focus on education. During his visit to Tashkent in 2022, The Hungarian Foreign Minister announced an increase in scholarships for Uzbek students. The number of scholarships, previously set at 100, will be increased to 170 to create more opportunities for students at Hungarian institutions under an existing education agreement.

On [May 19](#) 2023, important steps were taken during the II. Hungarian-Uzbek Rectors Forum. Dr. habil. Tamás Fülöp from John von Neumann University in Kecskemét met with representatives of Jizzakh Polytechnic Institute and Samarkand Institute of Economics and Services. Together they signed agreements focusing on joint educational initiatives and the mutual exchange of teachers and students.

Parallel [agreements](#) also exist with other institutions, in particular with Semmelweis University in Budapest, which is linked to the Pharmaceutical Institute in Tashkent, and the Metropolitan College in Budapest, which has found a partner in the Andijan Institute of Economics and Construction. The college in Debrecen is also [planning](#) to build a new campus in Uzbekistan.

As far as economic relations are concerned, they remain dynamic, as a recent development this spring shows. The Uzbek Minister of Investment, Industry and Trade held talks with the Hungarian Minister of Economic Development, Márton Nagy, via video conference. Their [dialogue](#) culminated in the establishment of a special investment fund endowed with 50 million euros in capital.

Forecasts indicate that Hungarian companies such as Bonapharm are considering investments such as poultry farms in the Tashkent region of Uzbekistan. Companies such as Meditop Gyógyszeripari Kft from Pilisborosjenő and Joyson Safety Systems Hungary Kft from Miskolc are also actively involved in the Uzbek market. A groundbreaking event was that OTP Bank Nyrt secured a stake of [almost](#) 75 percent in the Uzbek Ipoteka Bank from June 2023; further acquisition plans could include an additional 25 percent stake in the following three years.

These developments not only illustrate a robust economic and educational exchange, but also underline the profound dynamics in Hungarian-Uzbek relations. Particularly noteworthy is the successful integration of Hungarian companies such as OTP Bank into the Uzbek market. In addition, initiatives such as the newly [established](#) Uzbek-Hungarian Potato Research Center in Tashkent have shown promising results - the development of potato breeds that are ideally adapted to the local climatic conditions.

### **Opportunities for increased regional cooperation**

## *Hungary and Turkmenistan*

In the field of international trade and cooperation, Hungary is in a position to benefit from Turkmenistan's less developed markets. Although Turkmenistan presents a challenge due to its political framework, it offers great potential, which is mainly hindered by its legal-political environment and underdeveloped infrastructure. These factors in particular limit the country's access to broader foreign trade markets. To do business with Turkmenistan, one needs to understand that the value of the currency is directly pegged to the dollar. Foreign companies need to convert their export earnings into the local currency. This is a mandate from the Turkmen government that could have financial implications.

Due to Turkmenistan's political system, the shortcomings of the local legal and political system can lead to difficulties when entering the market. The poor accessibility due to the geographical conditions and the underdeveloped infrastructure limit the opportunities for foreign trade in Turkmenistan. When trading with the country, you should bear in mind that the exchange rate of the Turkmen currency is pegged to the dollar. One problem could be that the Turkmen government forces companies to convert their export earnings into the local currency.

Currently, Hungarian exports to Turkmenistan are heavily geared towards the healthcare sector, agriculture, chemicals, rubber, plastics and electronics industries. It is obvious that a targeted development in these sectors is promising for a fruitful economic exchange between Hungary and Turkmenistan.

To summarize, while there are obstacles in navigating the complexity of the Turkmen market, Hungary has significant opportunities to increase its influence and economic success in these key sectors. Hungarian exports to Turkmenistan are currently dominated by the healthcare industry, agribusiness, agriculture, the chemical, rubber and plastics industry and electronic products, so development is possible in these sectors in particular.

## *Hungary and Kyrgyzstan*

Kyrgyzstan, a Central Asian country, is experiencing rapid development. Despite the current modest volume of bilateral trade with Hungary, there is potential for a trade surplus on the Hungarian side.

In the field of healthcare to Kyrgyzstan, it's noteworthy that Hungary's leading pharmaceutical company, Richter Gedeon Nyrt., has maintained a strong presence in Kyrgyzstan for nearly 26 years. They currently boast the seventh-largest market share in that country. In 2020 alone, they distributed one & a half million boxes of medicines there.

Looking ahead, the Hungarian-Kyrgyz Development Fund is set to launch in 2021. With an initial investment of USD 16 million, this fund aims to engage Hungarian companies in upgrading Kyrgyzstan's infrastructure within sectors like finance, agriculture, and healthcare.

This initiative will likely enhance bilateral trade relations significantly.

The success of this collaboration was evident just one year later -- in 2022, plans were already underway for several key projects. These include constructing hydropower facilities, live animal transportation logistics, ATM exports, and developing comprehensive irrigation and sewage solutions. According to [UN COMTRADE](#) database on international trade, Hungarian exports to Kyrgyzstan saw a substantial increase in 2021—totaling USD 12.4 million—an almost 47 percent rise from the previous year.

### **Why can a good relationship with Hungary be important for the Central Asian countries?**

The answer to this question – apart from cultural, diplomatic and economic factors – is the Central Corridor. Hungary, located in Central Europe, is of crucial importance due to its strategic geopolitical position. Nestled between Ukraine and Romania to the east and Austria to the west, Hungary acts as a bridge between these regions. It is also one of the most important routes within the Middle Corridor leading to the West.

On September 28, 2022, the energy ministers of Türkiye, Azerbaijan, Kazakhstan and Hungary met at the 2nd Energy Conference organized by the Organization of Turkish States. At this meeting in Almaty, the growing role of Hungary as a central hub for Central Asia, the Caucasus and the Organization of Turkish States in connecting to Europe — not only through trade and transport, but also in the energy sector - was highlighted. The transformation of Hungary into a central hub within the Middle Corridor will benefit many stakeholders. The realization of the Zangezur Corridor at the entry point of Europe to this route will increase the importance of the Organization of Turkic States. Consequently, this development positions Hungary as a key player within the Middle Corridor and strengthens the organization's influence on European geopolitics. Especially as Europe has shown a growing interest in the Caucasus and Central Asia regions following the Russian-Ukrainian war. Among these new ties with Europe, energy relations are particularly important. In this context, countries rich in energy resources, such as Azerbaijan, Kazakhstan, Uzbekistan and Turkmenistan, are becoming important partners.

For Hungary itself, becoming a central hub offers significant economic, political and strategic opportunities. In the midst of European demand for energy and secure transportation routes, Hungary can leverage its geopolitical position for greater influence. In addition, Hungary can generate significant revenues by becoming a major trade and transportation hub in Europe. Although there are tensions between Hungary and the European Union (EU), it is clear that utilizing the benefits of the Middle Corridor will make Hungary an indispensable player in European affairs.

### **Hungary further expands its economic relations with the Turkic States**

Hungary is actively developing its economic relations with the countries of the Turkish region. Although these relationships have not yet reached their peak, they are developing positively. Especially since 2010 — and particularly in 2022 — economic cooperation has experienced an

upswing. However, it is important to clarify that the current data does not clearly indicate a steady trend, as there continue to be fluctuations.

Hungary's most important economic partners within this group include Türkiye, Kazakhstan, Azerbaijan and Uzbekistan. In the meantime, cooperation with Kyrgyzstan is very promising and a possible engagement with Turkmenistan seems likely in the coming years. Companies such as Richter Gedeon, MOL and Egis are at the forefront of these cross-border efforts. As far as Central Asia is concerned, Kazakhstan is the most important partner for Budapest. To support the further growth of these relationships, Hungary is diligently building an appropriate institutional framework. This initiative underscores the strong commitment to promoting closer economic ties in this dynamic region.