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Comparative Economic Analysis of Regional Countries: Trends, Gaps, and Opportunities

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Demographic Patterns: Aging Population

	Population 65+ (%), 2023	Total population(mln), 2023	Forecast in 2050	Fertility rate, 2023
Greece	23.5	10.4	8.8	1.3
Serbia	22.3	6.7	5.5	1.6
Bulgaria	21.8	6.8	5.4	1.8
Romania	19.8	19.1	16.0	1.7
Ukraine	18.6	37.3	31.9	1.0
OECD members	**18.2**	**1.3**	**-**	**1.5**
North Macedon	17.5	1.8	1.5	1.5
Moldova	15.6	3.1	2.4	1.7
Georgia	15.3	3.8	3.7	1.8
Cyprus	14.0	1.3	1.5	1.4
Armenia	13.2	3.0	2.5	1.9
Turkiye	10.0	87.2	91.2	1.5
World	**10.0**	**8.1**	**9.7**	**2.2**
Kazakhstan	8.3	20.3	26.5	3.0
Uzbekistan	5.7	35.6	52.2	3.5
Kyrgyz Republic	5.4	7.1	9.6	2.7
Tajikistan	3.7	10.4	15.5	3.1

Source: World Bank- https://data.worldbank.org/

The region displays **two demographic trajectories**—aging societies like Greece, Serbia and Bulgaria contrast with still high-fertility populations in Central Asia, signaling divergent long-term workforce and policy challenges.

Globally, countries are diverging demographically:

- OECD nations are **aging rapidly** (18.2% aged 65+, fertility 1.5)
- Societies of **Central Asian continue to grow**, driven by high fertility rates
- **Armenia**, with 13.2% aged 65+ and a fertility rate of 1.9, lies between aging OECD countries and demographically growing neighbors. It is **not yet fully aging society**, but is progressively entering that phase, ahead of most of its regional peers.

Productivity Analysis

	GDP per Hour Worked (In Constant International $ at PPP), 2024	Participation rate, 2024
Romania	52.1	51.4
Greece	49.5	51.6
Türkiye	40.2	53.7
Kazakhstan	39.3	70.7
Cyprus	38.3	68.0
North Macedonia	33.6	52.3
Bulgaria	32.6	56.7
Georgia	29.3	63.0
Serbia	28.8	57.2
Armenia	25.6	61.6
World	**23.1**	**61.1**
Moldova	12.7	70.9
Uzbekistan	12.7	55.8
Tajikistan	9.7	41.2
Kyrgyz Rep.	8.8	65.4

Source: World Bank- https://data.worldbank.org/

Labor productivity and participation rates vary widely across the selected countries—**European economies lead** in output per hour, while several **Central Asian countries show high participation but lag in productivity**, reflecting structural economic differences.

- Labor Productivity Leaders: **Romania ($52.1/hour) and Greece ($49.5/hour) lead in GDP per hour worked** among the listed countries, surpassing Türkiye ($40.2/hour) and Kazakhstan ($39.3/hour).
- High Participation, Low Productivity: **Moldova** exhibits a high participation rate (70.9%) but low productivity ($12.7/hour), **indicating high share of low-value-added sectors**.
- Central Asian Economies: Countries like **Uzbekistan and Tajikistan** show low productivity ($12.7/hour and $9.7/hour respectively) with varying participation rates, highlighting challenges in **economic diversification and workforce development**
- Armenia's Position: With a participation rate of 61.6% and productivity at $25.6/hour, **Armenia aligns closely with the global average participation rate** (61.1%) but **lags behind in productivity**.

GDP per Capita and Growth Trends

	GDP per capita (U.S. dollars), 2023	GDP, % Real growth (CAGR 10Y) - 2015-2024
Cyprus	38,625	4.9
Greece	24,716	1.4
Romania	20,278	3.3
Bulgaria	17,588	2.8
Türkiye	15,463	4.7
Kazakhstan	14,149	2.9
Serbia	13,545	3.3
North Macedonia	9,169	2.2
Georgia	9,142	5.5
Armenia	8,613	4.8
Moldova	7,480	1.7
Ukraine	5,711	-2.4
Uzbekistan	3,113	5.8
Kyrgyz Rep.	2,471	4.5
Tajikistan	1,329	7.3

Source:IMF- https://www.imf.org/en/Home

The region spans a **wide economic spectrum**—from high-income, countries like Cyprus and Greece to fast-growing, lower-income economies like Tajikistan and Uzbekistan—**highlighting varied development paths**

- **Cyprus, Greece and Romania** have high GDP per capita ($38,625, $24,716 and $20,278). While Greece and Romania have moderate growth rates (1.4% and 3.3%), reflecting slow growing established economies, Cyprus has one of the **highest GDP growth rates** (4.9%), perhaps due to high share of the FDI into the economy.

- **Tajikistan and Uzbekistan** show the fastest real **GDP growth rates** (7.3% and 5.8% respectively), signaling dynamic emerging markets despite low GDP per capita. However, it is important to take into account the **low-base phenomenon**

Armenia's Position

- Armenia balances **moderate GDP per capita** ($8,613) with a robust growth rate (4.8%), reflecting **steady economic development and growth potential** in selected sectors of economy

Export Orientation and Trade Balance

	Exports of Goods and Services (% of GDP), 2023	Trade Balance/GDP, 2023	Top partners (trade of goods)
Cyprus	97.0	-0.9	1.Greece 2.Italy 3.United Kingdom
North Macedonia	67.8	-13.5	1.Germany 2.Serbia 3.Greece
Bulgaria	61.9	3.2	1.Germany 2.Italy 3.Romania
Armenia	59.5	-0.7	1.Russia 2.China 3.UAE
Serbia	55.1	-4.5	1.Germany 2.China 3.Italy
Georgia	49.3	-7.5	1.Turkey 2.Russia 3.China
Greece	43.7	-4.9	1.Germany 2.Italy 3.Turkey
Kyrgyz Rep.	39.2	-61.8	1.China 2. Russia 3.Switzerland
Romania	39.2	-4.8	1.Germany 2.Italy 3.Hungary
Moldova	35.5	-24.1	1.Romania 2.Russia 3.Germany
Kazakhstan	34.4	7.0	1.China 2.Russia 3.Italy
Türkiye	31.9	-2.4	1.Germany 2.China 3.Russia
Ukraine	28.6	-20.9	1.China 2.Poland 3.Germany
Uzbekistan	23.7	-19.0	1.China 2. Russia 3.Kazakhstan
Tajikistan	16.4	-32.7	1.China 2. Russia 3.Switzerland

Regional economies show divergent trade profiles—ranging from **highly export-oriented countries** like Cyprus and North Macedonia to more **inward-focused Central Asian states**

- **EU countries, China, and Russia** dominate as **top trade partners** across the selected countries, reflecting strong EU integration and geopolitical-economic ties with China and Russia
- Export intensity varies widely — **Cyprus (97.0%), North Macedonia (67.8%), and Armenia (59.5%)** show high export-to-GDP ratios, while Central Asian countries like Tajikistan (16.4%) and Uzbekistan (23.7%) remain **more inward-focused**
- Trade balance performance is mixed — **Kazakhstan** (+7.0%) and **Bulgaria** (+3.2%) **run surpluses**, while countries like **Kyrgyzstan** (-61.8%) and **Moldova** (-24.1%) face deep trade deficits
- Armenia's trade has limited trade partners (**Russia and China)** and strong dependence on Russian economy - reflecting need for market diversification and for further development of the economy

Source: World Bank- https://data.worldbank.org/

Foreign Direct Investment (FDI) Trends: Regional Inflows and Growth Potential

	FDI Inflow (BLN USD 2023)	FDI, net inflows as % of GDP (average of 2019–2023)
Cyprus	-3.5	38.6
Serbia	4.9	6.8
Georgia	2.0	6.8
Bulgaria	5.9	4.0
North Macedonia	6.9	3.9
Romania	6.8	3.0
Moldova	0.4	3.0
Uzbekistan	2.5	2.8
Kazakhstan	6.1	2.6
Greece	5.0	2.5
Armenia	0.6	2.2
Ukraine	4.5	2.1
Tajikistan	0.2	1.5
Türkiye	10.6	1.3
Kyrgyz Rep.	0.3	1.2

Source: World Bank- https://data.worldbank.org/

FDI trends reveal a **split between large markets attracting high absolute inflows and smaller economies with modest but varying FDI intensity**—highlighting differences in market size, investor access, and structural openness

Two major trends emerge:

- **Türkiye led in absolute inflows** ($10.6B), benefiting from its market size, despite a **modest 1.3% FDI-to-GDP ratio**. This pattern signals investor confidence

- Others like **Tajikistan, Kyrgyz Republic, and Armenia receive modest inflows**, reflecting limited investment penetration

- Cyprus shows negative inflows, driven by financial sector movements rather than investor withdrawal. Nevertheless, **Cyprus show the highest FDI-to-GDP ratio** (in recent 5 years)

- Armenia's Position: **Armenia** recorded $0.6B in FDI in 2023, averaging 2.2% of GDP (in recent 5 years)—a **stable, mid-level performance**, with potential to grow through reforms and diversification

Conclusion

- Demographic dynamics are a key driver of economic development and future regional trends.
- Two distinct country groups can be observed based on demographic profiles-countries with ageing populations and countries with younger, growing populations
- For ageing-population countries, productivity enhancement becomes the primary engine of economic growth, as workforce expansion is limited
- In younger-population countries, economic growth can still be significantly driven by demographic expansion and increasing labor force participation
- Key levers for boosting productivity include Foreign Direct Investment (FDI) and especially for smaller economies, diversified trade is critical to offset size limitations
- FDI impacts differ by demographic group:
  - In ageing economies, FDI should be targeted toward innovation, automation, and productivity-enhancing sectors.
  - In younger economies, abundant and cost-competitive labor remains a major attraction for FDI, especially in labor-intensive industries.

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