

CHINA AND TURKEY

SAILING THROUGH ROUGH WATERS

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The relationship between China and Turkey is best described as one of ebb and flow, with economic initiatives aimed at mutual benefit being welcomed by both sides, peppered with much rhetoric on both countries' "rise" in the global system and their "importance" for each other, certain steps being taken, only to be eventually put on hold or totally derailed due to political issues and miscalculations, as is recurrently the case. The relationship between China and Turkey is developing, starting from 1971 when the two countries officially recognized each other; but the nature of this development is better described as oscillating, rather than following a linear progress.

Events during the second half of 2015 and early 2016 clearly illustrate the magnitude of volatility in the Sino-Turkish relationship. Anti-Chinese demonstrations erupted in Turkish cities in reaction to speculative reports of an alleged Chinese ban on Ramadan fasting in the Xinjiang Uyghur Autonomous Region,¹ which caused significant tension between the two sides; but these incidents were soon followed by an official visit by Turkey's President Recep

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Tayyip Erdoğan to China, which went remarkably well.² In the background to these developments, China was accusing Turkish diplomats stationed in Asian countries of providing fake passports to members of the Uyghur minority attempting to flee China for Turkey. The accusations followed the forced deportation to China of 109 asylum-seeking Uyghurs from camps in Thailand to which they had fled. More than 400 Uyghurs had ended up in Thailand, and Turkey agreed to take 173 of the Uyghurs, many of them women and children. Ankara officially protested Thailand's decision, on the grounds that the individuals repatriated to China would be facing persecution and punishment, while China claimed that the Uyghurs seeking to leave the country were trying to join jihadist groups overseas, especially in Syria. In the meantime, China's Ministry of Public Security declared that Turkish diplomats were providing Uyghurs, who are in fact citizens of the People's Republic of China, with Turkish travel documents in order to make their transit to Turkey possible.³ After a few months, the Turkish government decided to annul a major missile defense system tender, which was initially awarded to a Chinese company, to great dismay by the Chinese side.⁴ Two days later, China's President Xi Jinping was in the Turkish Mediterranean town of Antalya for the annual G20 summit, and during the event the two sides signed a number of agreements focusing on large-scale industrial cooperation and infrastructure projects.⁵ This positive development was followed only a few weeks later by the Chinese government's decision to tighten visa requirements for Turkish passport holders.⁶

These developments that took place over a period of a couple of months do not actually reflect a drastic change in the nature of the relationship. On the contrary, there have been similar volatilities before. For instance, observers of Turkish foreign policy can easily recall the summer of 2009 when the then prime minister Erdoğan reacted to the riots in Xinjiang's capital Urumqi: they were harshly suppressed by Chinese security forces and around two hundred people lost their lives, which Erdoğan described as "almost genocide." The riots and hence Erdoğan's reaction took place only a few days after the then president Abdullah Gül's successful visit to Xinjiang. After the incident, despite a brief coolness in the relations between Ankara and Beijing, a conciliatory tone was eventually adopted, and the Chinese government invited Turkish business representatives to visit Xinjiang to explore the investment opportunities there. Only a few months after the incident of Urumqi, the then Chinese premier Wen Jiabao was in Turkey to announce—together with his counterpart—the Turkish-Chinese strategic cooperation.⁷ However, even the

fact that the two governments had elevated their relationship to the status of strategic cooperation back in 2010 has so far failed to bring about greater stability to the relationship.

China and Turkey are strategic cooperation partners, and both sides subscribe to the discourse that there should be greater collaboration between two G20-member countries located at both ends of the Asian continent. Initiatives like China's "One Belt, One Road" (OBOR) project, which is welcomed by Turkey with great enthusiasm, serve to nurture this idea, and studies inquiring into the dynamics of the relationship between China and Turkey offer much optimism for the future. For example, Zhou Zhiqiang argues that these two countries "share similar ambitious goals and development targets" and "bright prospects can be predicted in bilateral cooperation in aspects including trade, investment, finance and global economic governance."⁸ Whereas Xiao Xian assures that "neither party regards this strategic partnership as mere diplomatic rhetoric. Rather, they view it as inclusive and substantial."⁹ On the Turkish side, Selçuk Çolakoğlu defines the relationship as a "rising partnership."¹⁰ Later he characterized it as "deepening economic and political cooperation between the two countries which has also made Turkish-Chinese relations more important from a global standpoint."¹¹ International pundits seem to agree. For Vali Nasr, "Asia is getting smaller as Turkey moves east and China moves west. The two booming emerging markets now bracket the continent, and as economic integration takes root the vast expanse between the Mediterranean and the Yellow Sea will shrink into one geostrategic space."¹² Whereas Johan Galtung declares that he "would watch out for this—for Ankara-Beijing cooperation" as "the whole area will be managed by some cooperation between Turkey and China and the countries in between, the countries in between being Iran, Pakistan, Afghanistan."¹³

Despite this positive outlook and profound optimism, which is not only nurtured by politicians but also subscribed to by several academics, China and Turkey appear to be rather reluctant when it comes to practical progress in the relationship. Intentions easily fall prey to political concerns, perceptions, miscalculations; barriers are erected against progress in the relationship. The Sino-Turkish relationship is one of "great expectations,"¹⁴ as Yitzhak Shichor puts it, but whether and to what extent expectations translate into concrete outcomes is a different question.

This chapter offers a critical perspective on the Sino-Turkish relationship. The inquiry starts from the widely-accepted premise that it is the economic dimension of the relationship that both sides are emphasizing, and argues that

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the level of economic interaction between the two countries does not produce an incentive that is strong enough to ensure stable and uninterrupted progress between them. As will be shown below, despite the appearance, there is no significant economic dependence between China and Turkey, which contrasts with most of the other dyadic cases between China and the countries of the Middle East, where China depends profoundly on the region's hydrocarbons and the countries of the region similarly depend on Chinese capital and infrastructure, as discussed in the chapters of this composite volume. The absence of a certain level of economic interdependence leads to greater vulnerability of the relationship against non-economic factors.

In order to test this hypothesis, this chapter will employ four different paradigms from the literature on international relations that inquire into the impact of economic dependence on overall dyadic relations, namely liberalism, realism, trade expectations theory, and constructivism. Guided by insights from these paradigms, the chapter shows that the lack of economic dependence between the two countries makes them more prone to political conflicts and miscalculations, and despite the officially declared strategic nature of their relationship, China and Turkey are far from acting in political alignment on several issues, as developments such as disagreement over Syria, cancellation of the missile system deal, and tension over the Uyghur issue reveal, and the chapter makes the point that this would not have been the case if there had been greater economic interdependence linking the two countries' interests.

Following the introductory part, this chapter will first provide a brief historical background of the relationship between China and Turkey. Second, a theoretical framework employing insights from liberalism, realism, trade expectations theory, and constructivism will be established with the purpose of explaining the relationship between economic dependence between countries and the extent of political alignment and conflict between them. Third, the chapter will investigate empirical data from the Sino-Turkish relationship through the perspectives established in the previous part, hence explaining how economic dependence between the two countries, or the lack/insufficiency of it, impacts on the overall relationship. The final part will summarize the main findings.

Historical background

The Chinese and the Turks like to trace back the roots of their relationship to the exchanges between the two peoples in the Central Asian steppes centuries

ago, when Turkic merchants traded goods between their own territories and the Chinese realm, subject to the tributary conditions dictated by the Chinese imperial administration.¹⁵ This trade through the Silk Road went on for centuries, and it was not only products that were carried and traded; commerce made the exchange of ideas, world views, and cultural goods also possible. During the age of empires, individuals continued to travel between the Ottoman Empire and Imperial China for commercial and religious purposes, forming linkages between these two different worlds, which eventually led to attempts to establish diplomatic relations in the late nineteenth century.¹⁶

Following the First World War and the Turkish War of Liberation, the modern Republic of Turkey was founded in 1923, a time when China was going through a period of chaos and uncertainty in the aftermath of the dissolution of the Qing dynasty and the proclamation of the Republic of China in 1911. Efforts were made in this period to establish an official relationship between the two countries, culminating in the opening of a Turkish consulate in Nanjing in 1934.¹⁷

The Second World War and the seismic shifts in the international order in the war's aftermath had a profound effect on the relationship between Turkey and China. Ceren Ergenç accurately claims that the two countries spent the first half of the twentieth century focusing on their state-building process, but the beginning of the Cold War pushed the two countries into opposite camps.¹⁸ Turkey, as a member of the Western camp in the bipolar setting of the Cold War, indeed refused to recognize the communist People's Republic of China when it was founded in 1949, and preferred to maintain its relations with the Nationalist government on the island of Taiwan as the legitimate representative of the Chinese people. Turkey sent troops to fight in the Korean War of 1950–53, became a member of NATO, and refrained from having dialogue of any form with the communist government in Beijing.

While the ideological polarization in the international order kept Turkey and China politically isolated from each other in the early Cold War period, it did not take long for the two countries to start exploring opportunities for economic interaction. Early steps were taken in the late 1960s when small-scale trade began to be carried out through third-party intermediaries. This period was also marked by indications that the United States and China were considering rapprochement. Turkey, as a staunch ally of the United States, considered the Beijing-Washington rapprochement as an opportunity and embarked on its own normalization process with China, consequently recognizing the People's Republic with an agreement signed in Paris on 5 August 1971. This recognition was followed in 1974 by a trade agreement.

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During the 1970s, neither of the two countries attempted to invest much energy in their relationship. Turkey in this period was suffering from internal political polarization, which frequently turned violent, as well as from economic malaise as the import substitution industrialization model failed to reach its objectives, instead crating serious deficits and shortages. China meanwhile was going through the last stages of the Mao Zedong era, and it was only in 1978, after the death of Mao and under a new leadership, that China began to open up to the world. Political debates within Turkey in this period reveal serious concerns about the threat of ideological infiltration from China and doubts about expected economic benefits from this country.¹⁹ As Selçuk Çolakoğlu writes, Turkey saw East Asia as a new frontier for economic expansion as early as 1970s, but “its unstable governments and the economic crises of the 1970s prevented Turkey from establishing more rooted economic relations with China.”²⁰

With the 1980s, however, a new era began in the relationship. Both China and Turkey began to liberalize their economies, while diplomatic and commercial traffic between the two countries gained momentum. Presidents, prime ministers, bureaucrats, and businesspeople began to exchange visits and explore opportunities with each other, and the mood in this period was generally positive as both sides made efforts to understand each other and establish the foundations of a longer-term relationship.²¹

The end of the Cold War and the dissolution of the Soviet Union in 1991 brought new constraints on China’s relationship with Turkey, and the positive environment of 1980s marked by attempts to explore opportunities was replaced by a confrontational setting shaped by shifts in the regional and international order. Turkey’s foreign policy was active toward the newly independent republics of Central Asia and the Caucasus, emphasizing the common Turkic heritage, common religion, and shared cultural and historic roots between Turkey and these countries. This troubled China, which worried that Turkey’s interest might spill over into its own sovereign territory, the Xinjiang Uyghur Autonomous Region, through this discourse of common ethnicity.²² In the meantime, both transnational activism by the Uyghur diaspora based in Turkey and Turkish politicians’ contacts with and support for the Uyghur diaspora leaders led to serious deterioration in the relationship. As a result, Beijing began to pressurize Turkey to curb the Uyghur community’s anti-Chinese actions which “Ankara earlier disregarded, tolerated, approved, or even supported, if not explicitly, then at least implicitly.”²³

During the second half of the 1990s, Turkey’s foreign policy took another turn, this time opting to act in coordination with Russia and China in the

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Central Asian region, instead of competing against them in order to establish an area of influence of its own. Russia was the dominant actor in the post-Soviet realm, both economically and politically, and China was the rising economic power, becoming increasingly influential not only in this region but worldwide. For Ankara, cooperating with both these powers was the rational choice; and in the Chinese case, with a more assertive and self-confident Beijing increasing its pressure on the Turkish government to curtail Uyghur activities, Turkey chose to cease its support for Uyghur nationalist movements and adopted a new policy of supporting the Uyghurs economically and culturally while rejecting any attempt that would jeopardize China's territorial integrity.

In November 2002 Turkey entered a new era, with the Justice and Development Party (AKP) emerging victorious from the parliamentary elections and entering office as a single-party government with a parliamentary majority. The foreign policy of the AKP government prioritized economic considerations, and aimed to engage proactively with regions that were hitherto ignored or superficially engaged, such as Asian, African, and Latin American countries; this brought a renewed momentum to Turkey's efforts to improve relations with China.²⁴ With greater mutual understanding on the Uyghur issue between the two governments, there was now a favorable environment to extend business with each other.

In the 2000s, trade between China and Turkey did indeed increase, and new forms of economic linkages were established such as cooperation in the defense industry, large-scale infrastructure improvement projects, and efforts at technology transfer, as will be discussed below. Increased business has been a key factor in the two governments' decision to upgrade the status of their relationship to strategic cooperation, and future expectations such as the prospective benefits of China's OBOR project add fresh motivation to this partnership. In the meantime, there was greater cooperation in multilateral institutions such as the G20 and the Conference on Interaction and Confidence-Building Measures in Asia (CICA).²⁵ Mutual people-to-people exchange also increased through activities such as the opening of Confucius Institutes²⁶ in Turkey. Then 2012 was Chinese Culture Year in Turkey, and 2013 was Year of Turkish Culture in China, both of which aimed, as stated on the website of the Ministry of Foreign Affairs of Turkey, "to enhance friendly relations, promote cultural exchange and further improve mutual understanding between Turkey and China."²⁷ However, despite all these developments, the relationship between China and Turkey is subject to strong volatility, and the relationship is easily derailed. Recent events discussed in the introductory

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part of this chapter, such as the anti-Chinese demonstrations in Turkey, accusations of fake Turkish passports supplied for Uyghurs trying to flee China, summoning the Chinese ambassador to the Turkish Ministry of Foreign Affairs, followed by Erdoğan's successful visit to Beijing, which in turn was followed by the almost simultaneous acts of Turkey cancelling the missile defense system tender awarded to China and the two governments signing new cooperation projects, and the Chinese decision to tighten visa requirements for Turkish citizens are only a few examples of the increasing magnitude and frequency of ups and downs in the bilateral relationship between China and Turkey.

In addition to these developments, the rapidly changing political landscape in the Middle East in the aftermath of the Arab uprisings, with civil war in Syria and the terrorist threat of the self-proclaimed Islamic State (IS), is creating another source of friction between China and Turkey, adding further volatility to the relationship. The two governments' stance towards the turmoil in Syria offers a clear illustration of how the two sides diverge on the issue. China has, together with Russia, repeatedly vetoed a draft United Nations (UN) resolution that would have referred the conflict in Syria to the International Criminal Court, which has drawn Turkey's criticism. China and Russia have in fact vetoed four UN Security Council draft resolutions between 2011 and 2014. In each case, the rationale behind the decision to veto as stated by the Chinese representative at the UN was that the conflict in Syria had to be solved through dialogue between the relevant parties inside the country and not through outside intervention. In every instance, Turkey criticized China and Russia's decision to veto, and after the second case in February 2012, the reaction was especially harsh when the then prime minister Recep Tayyip Erdoğan called the veto "a fiasco for the civilized world" as the "UN Security Council failed to fulfill its duty of protecting peace and security," and said that it is "unacceptable for any country, whatever its interests for doing so are, to give the license to kill to the hands of a tyrant."²⁸ As civil war continues to devastate Syria, Turkey maintains that the removal of the Bashar al-Assad regime is an absolute condition for lasting peace in the country, whereas China believes that Assad's government is the sole legitimate authority in Syria. China refrains, at least at the time of writing, from getting directly involved in the Syrian conflict, and prioritizes its economic interest in the greater Middle East region. However, Turkey's perception of China being pro-Assad and overall aligned with Russian preferences in the region is problematic, especially since the relations between Turkey and Russia are at an

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all-time low after the shooting down of a Russian jet by a Turkish fighter plane over a violation of Turkish airspace in November 2015. While China refrained from taking sides on this issue, it has not made any efforts to ease the tensions between Turkey and Russia either.²⁹ It was clear to many that “China was not happy with Turkey’s Syria policy.”³⁰ Reports about Chinese citizens of Uyghur origin using Turkey as a gateway into Syria where they joined jihadists only served to complicate the situation further.³¹

In sum, the current state of the relationship between China and Turkey is defined on the one hand by increasing trade and investment as well as hopes for even bigger business in the future through projects like OBOR; and on the other hand escalating disagreement and political conflict. Not only are these two countries strategic cooperation partners, but their leaders also frequently make statements like “bilateral relations have gained progress in recent years thanks to the mutual trust established between two states” or “we have maintained close high-level exchanges, our mutual political trust has been growing and our cooperation and exchanges in economic, technological, cultural and other arenas have been expanding.”³² However, at the same time it is observed, with increasing frequency, that politics can pull the relationship to the opposite direction. Raffaello Pantucci calls it an “awkward relationship,” which “they wouldn’t want to complicate further.”³³ Yet despite all the rhetoric about the importance of their relationship and expressions of interest on having more economic interaction with each other, a diverse range of issues continues to complicate the relationship.

The question is, if it is really the economic interests that the two countries are after, as suggested by several scholars, why are the relations between China and Turkey so easily overshadowed by issues such as those discussed above? Both China and Turkey declare their intent of building stronger ties with each other, and economics is key to this task. Why this reluctance then? In order to answer these questions, the link between economic considerations and political relations will be investigated, using insight from the relevant perspectives in the international relations literature.

Analytical framework

The argument put forward in this chapter is that the level of economic interaction between China and Turkey does not produce an incentive strong enough to ensure stable and uninterrupted progress between them, nor significant degree of economic dependence between them, in contrast with China’s

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dependence on many Middle Eastern economies, especially the hydrocarbon-producing ones. This factor causes reluctance on both sides to further the relationship. In the absence of strong mutual economic dependence, even “strategic cooperation” can easily be undermined by political factors. The scholarly literature in international relations provides a number of perspectives that can be helpful toward explaining this linkage.

The liberal paradigm of international relations asserts that cooperation can be possible between states depending on the distribution of state preferences. Economic interdependence, which is the defining feature of globalization, can lead to greater cooperation between states. Cross-border economic exchange creates more cooperative foreign policy interests, as economic flows between countries leads to a dependence on maintaining the mutually beneficial relationship. According to the liberal theory, countries seek to maximize the utility they derive from trade, and any country that is dependent on trade makes efforts to avoid war, since peaceful trade gives countries all the benefits without the risks associated with war. Economic interdependence between countries increases the cost of conflict, and countries that depend on each other economically tend to have harmonious relations, as they do not want to face the risk of trade interruption.

Realism asserts that international politics is a struggle for wealth and power among independent actors in a state of anarchy. It assumes that economic wealth is vital to the states’ ability to wage war and ensure their survival, and for this reason states keep a positive trade balance by protecting against competing imports and maximizing exports. In this view, economic interdependence is an asymmetrical situation, as in every case one country in the dyad depends on the other country more than the other way around. While the more dependent state has greater incentive to avoid conflict due to the high opportunity costs it is facing, the less dependent state can force it into making concessions through the use or threat of force. This is why one can argue that the greater the magnitude of asymmetry in the relationship, the greater the likelihood of conflict; and economic dependence between the two parties can be expected to have a peaceful effect only if the dependence of the two countries is to a large extent symmetrically balanced.

When discussing the effects of economic relations on political alignment or conflict between countries, one is faced with two shortcomings of the current literature. The first is related to the tendency to take the use of force and military conflict as the common measure when discussing whether economic interdependence leads to conflict. There are, however, other types and levels

of political conflict that fall short of inter-state war. Tansa G. Massoud and Christopher S. Magee have undertaken an empirical study into how trade is related to other forms of political conflict between states, and found that while trade significantly raises net cooperation on political and economic issues, it does not lead to cooperation in military issues; and while trade leads to more economic cooperation, it does not affect the amount of conflict over economic issues.³⁴ While Massoud and Magee shed light on the impact of trade on overall political and economic relations between countries, the bulk of literature from liberal and realist international relations perspectives is not useless either. Using these paradigms' corollaries, by replacing the "likelihood of military conflict" with lower level forms of conflict such as "likelihood of having conflictual issues in the political realm," and the "likelihood of peaceful relations" with "likelihood of greater political alignment," it is possible to hypothesize, from the liberal view, that greater economic interdependence between the two countries will lead to greater political alignment and less political conflict. From the realist perspective, then, the greater the asymmetry in the economic relationship, the higher is the likelihood of having more political conflict. Solomon W. Wolachek's study confirms these corollaries, as he finds that "conflict occurs when gains from trade are not as high as one party deems possible or when parties fight over economic rents. Cooperation occurs when parties work together to protect gains from trade."³⁵

The other weakness in the liberal and realist literatures on the relationship between economic linkages and the likelihood of conflict between countries is that bilateral trade, and particularly trade in goods, is taken as a common measure of the level of the economic relationship and dependence between the country dyad. The globalized world of today is defined by complex and multi-dimensional interdependence, and economic interaction in this respect comprises not only trade in goods, but also financial flows, transnational production, and trade in services such as construction services, education, tourism, etc.³⁶ This is why, when investigating the link between economic dependence and political alignment or conflict, the entire set of economic interactions rather than only the trade in goods needs to be taken into consideration.

It has also to be noted that the paradigms discussed above consider the economic relations at a given point in time, as they stand at the current time. Dale C. Copeland argues that it is not only the current state of economic interactions between the states, but also these states' expectations from future trade and investment that play a crucial role in shaping the political relations between them. According to his trade expectations theory, the positive expect-

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tation of future trade can impact a country's foreign policy behavior when current levels of economic exchange are low, because the country anticipates future benefits and wants the other country in the dyad to carry out its commitments to increase overall trade and investment levels. In contrast, if the less dependent country in the dyad decides to deny the more dependent country what it needs in the future, it can choose to exacerbate current conflicts.³⁷ As a corollary to Copeland's trade expectations theory, one can hypothesize that the more countries expect benefits from their economic exchange in the future, the more political alignment and the less conflict they will have at the current time; and in contrast, negative future expectations are likely to lead to greater conflict and hostility, even if current trade levels are high.

Constructivism argues that while material factors are important, ideas matter as well, as the world is socially constructed, and international relations do not result from an objective social reality, but reflect the actors' ideas, perceptions, assumptions, and the norms to which they adhere. Foreign policy goals are defined not only by material parameters such as trade patterns, access to raw materials, defense budgets, and so on; they reflect immaterial, shared and collective beliefs and identities as well.³⁸ In the relationship between economic exchange and political alignment or conflict, therefore, it matters profoundly how the actors "construct" each other, how the two countries in the dyad perceive each other, how their ideas about each other are shaped. Even at high levels of trade and investment, domination of negative ideas and perceptions can lead to deterioration in the relationship.

In the light of these perspectives, it is possible to investigate the relationship between China and Turkey and examine the dynamics behind its volatilities.

Analysis of the Sino-Turkish economic relationship

A first look at the bilateral economic data between China and Turkey actually offers a bright picture. In 2015, the trade value between these two countries was \$27.3 billion—a remarkable number, particularly considering that there is no large-scale trading of hydrocarbons involved, as opposed to China's trade with several Middle East countries. Investment figures are also on the rise, and the OBOR project brings much promise for future cooperation.

In order to find out whether this picture represents a certain level of economic dependence between the two countries, one has to delve deeper into the details of the statistics. Firstly, it has to be noted that there is significant imbalance in the trade: Turkey is running a large trade deficit with China. In

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2015, Turkey's exports to China amounted to \$2.4 billion, whereas imports from China totaled a massive \$24.9 billion. This deficit is a major concern for Turkish economic policy-makers, especially because Turkey is suffering from a chronic current account problem. In 2015, Turkey's overall export/import ratio was 69.4 percent, while its export-to-import ratio with China was only 9.7 percent, revealing the seriousness of the situation.³⁹

The structure of Turkish exports to China also paints a picture that is hardly sustainable. According to latest annual data, Turkey's major export item to China is marble, corresponding to 28.8 percent of total exports. Marble is followed by chromium ore at 9.5 percent, copper ore at 7.5 percent, precious metal ores at 4.7 percent, and natural borate at 4.1 percent.⁴⁰ While these figures reveal a lack of diversity in Turkish exports, with the top five export items making up 54.8 percent of all exports, it is also possible to argue that Turkey is largely dependent on China as an export market for these products. For instance, China's share of Turkish export products is 84.5 percent for marble, 80 percent for iron ore, 79.7 percent for chromium ore, 68.4 percent for lead ore, 63.8 percent for wool and fleece, 58.4 percent for copper ore, and 44.2 percent for natural borate. In all these items, all of them primary products without much value-added, Turkey depends on the Chinese market.

Whether China depends on Turkey for the same products is a different question. With marble, Turkey sells 84.5 percent of its export to China, but China buys only 48.1 percent of its marble needs from Turkey. The opposite picture emerges for natural borate: Turkey exports 44.2 percent of its natural borate to China, which buys 74.9 percent of its borate needs from Turkey. So there is a variable picture of trade dependence.

It is in raw materials such as marble and natural borate that there is significant mutual dependence between the two countries, rather than in oil and gas. This dependence, however, makes both sides concerned, as the realist paradigm would claim. The rapidly growing construction sector has created an insatiable appetite for marble and other construction materials. But in order to reduce its dependence on Turkey for marble, China is now buying up the marble quarries in Turkey, instead of importing the marble from locally owned companies.⁴¹ Turkey, on the other hand, is concerned about the fact that China is buying the marble in raw form and processing it when it arrives in China. Turkish industry representatives have repeatedly claimed that this is not a sustainable position for them, and Turkey would gain more if the marble were processed at home before being shipped.⁴²

In 2015, China was Turkey's largest import partner. Turkey imported \$24.9 billion worth of goods from China, while imports from Germany and Russia

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totaled \$21.3 billion and \$20.4 billion respectively. This fact, however, does not create a significant degree of dependence for Turkey on Russia either. One reason is that the import structure is highly diversified in terms of products. Turkey's main imports from China are telephone equipment amounting to 10.6 percent of all Turkish imports from China, followed by IT equipment at 7.2 percent, monitors and projectors at 2.3 percent, man-made filaments at 1.9 percent, and lighting equipment at 1.7 percent. The first items in Turkey's top imports from China make up only 29.9 percent of total imports. This situation contrasts with Turkey's imports from Russia, wherein one single item, i.e. oil and gas, corresponds to 63.4 percent of total Turkish imports, thus creating a real dependence for Turkey in this respect.

It is true that in several areas Chinese products have a large share in Turkish markets. For instance, 91.7 percent of all toys imported by Turkey are Chinese-made, 97.6 percent of artificial flowers, 92.2 percent of shoes, and 95.2 percent of umbrellas. This situation, however, does not create a significant degree of dependence on China for Turkey, as the products in question are low value, unsophisticated consumption goods. They are bought from China purely because of their low cost, and do not amount to crucial inputs for the Turkish economy, as do Russian oil and gas.

Turkey's economy depends profoundly on imports of raw materials and intermediate products, which are then assembled into final products and eventually exported to other markets. In this sense, China can be seen as a source of cheap intermediary goods for Turkish producers, providing them with a competitive advantage in their own export markets, thanks to low input costs. A recent study by the Turkish-China Business Council operating under the Foreign Economic Relations Board of Turkey (DEİK) reveals that in fact Turkish producers rely to a significant extent on intermediary products from China. For instance, the Turkish textile and clothing industry buys 20.6 percent of its raw materials from abroad. The share of Chinese products in Turkey's total imports of these products is 41.8 percent.⁴³ There is a certain level of dependence for Turkey on China in this respect, but it should be viewed with caution as the motivation behind the tendency to source from China is because of low costs rather than securing higher value for the Turkish economy. Moreover, it is not about sourcing strategic raw materials either, which is another reason why one cannot talk about real dependence on China in this area.

China depends on Turkish marble and to some extent on Turkish borate as well, but that is all. This shows the asymmetric nature of Sino-Turkish rela-

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tions. According to the International Monetary Fund (IMF), China had the second largest economy in the world after the United States, with a total nominal GDP of \$11.0 trillion; whereas Turkey ranked eighteenth, at \$733.6 billion.⁴⁴ Similarly, China is the world's largest exporter with \$2.15 trillion worth of exports per year, while Turkey comes twenty-seventh at \$143 billion. But neither is reliant on the other for exports. Chinese exports to Turkey make up only 1.1 percent of China's total exports, while exports to China make up only 1.7 percent of Turkey's total export volume. In other words, China does not really depend on Turkey as an export market, and Turkey's dependence on China as an export market is minimal as well.

Forms of economic interaction other than trade in goods offer a similar picture. Cross-border investment relations between China and Turkey have so far remained limited. According to data released by the Turkish Undersecretariat of the Treasury, the total stock of Turkish direct investment in China was \$104 million as of 30 June 2015.⁴⁵ Turkish direct investments are scattered around the country in various sectors, such as shopping centers, the retail trade in general, food and beverages, household appliances, textiles, and clothing.

China's total direct investment in Turkey, on the other hand, is reported by the Ministry of Commerce of China to amount to \$642 million, more than six times larger than Turkish investment in China, but still only a tiny slice of China's total outward investment, which totals \$107.8 billion. In other words, Turkey receives only a fraction of China's total investment around the world. According to Turkey's Ministry of Economy, there were 46,756 companies with foreign capital registered in Turkey as of 1 January 2016, out of which only 739 were Chinese companies; 338 of these companies were involved in wholesale trade, 103 in retail trade, 35 in hospitality (hotels and restaurants).⁴⁶ An overwhelming majority of these companies are small- and medium-scale enterprises, in many cases even one-person companies, whereas large-scale Chinese direct investment is yet to enter the Turkish market.⁴⁷

In the services trade, Turkey is a surplus country, while China is a deficit country. In 2014, Turkey's service exports totaled \$51.1 billion, of which tourism services amounted to \$29.6 billion. In the same period, China's total service imports were \$223.5 billion, of which tourism amounted to \$128.7 billion. In other words, tourism is the major item in the services trade for both countries, but while Turkey is a net recipient of tourists, China is a supplier of them. Despite this seeming complementarity, there are no significant tourism flows between the two countries. This situation is particularly a concern for

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Turkey, which relies on tourism revenues to cover, albeit partially, its current account deficit. According to data released by Turkish National Police, 36.2 million foreign nationals entered Turkey in 2015, out of which only 314,000 were Chinese citizens, meaning the share of Chinese passport holders within all foreigners entering Turkey was 8.7 percent, compared with 15.4 percent Germans and 10.1 percent Russians.⁴⁸ Turkey depends more on Germany and Russia for tourism income than on China. Meanwhile, the number of Turkish tourists visiting China is difficult to identify, but from observation one would expect that the revenue they generate has minimal effect, if any, for the Chinese economy.

The liberal perspective on the relationship between economic dealings and political alignment or conflict between countries implies, in a nutshell, that the more the two countries depend on each other economically, the lower is the likelihood that they will have conflict, and the greater are the chances that there will be political alignment between them. Countries that are economically dependent on each other solve their differences through peaceful means, through dialogue. As the investigation above suggests, there is no real dependence between China and Turkey in the economic realm, except maybe in the marble industry where China depends on marble bought from Turkey, and Turkey needs China as a market to sell it. However, even this single industry is problematic when viewed from the angle of dependence, because first of all marble is rather a luxury product, and secondly, as discussed above, while China is making attempts to reduce the vulnerability caused by this dependence, Turkey is not happy with the way the marble is traded. Larger volumes of crucial raw materials and/or technological products, greater tourism exchange, more direct investment especially in heavy industry and infrastructure could have made these two countries more dependent on each other economically, but this does not exist so far. In the meantime, the realist paradigm asserts that in asymmetrical relationships of dependence, greater asymmetry can lead to higher likelihood of conflict.

According to trade expectations theory, anticipation of future trade and investment can bring countries closer together, reducing the likelihood of conflict and making political alignment more likely. Expectations from future trade and investment between China and Turkey are very high at the discourse level. For instance, in 2010 the two governments announced that they would increase the bilateral trade volume to \$50 billion by 2015 and to \$100 billion by 2020.⁴⁹ The target for 2015 reached just over a half of that figure, with the actual trade volume for 2015 at \$27.3 billion. If the objective for

2020 is achieved, and the current export-to-import ratio remains unchanged, this will place an additional burden of more than \$90 billion annually on Turkey's already problematic current account deficit.

While trade volume targets boasted by politicians do not usually come with detailed roadmaps, Turkey and China can be more specific with respect to their expectations in other areas. For instance, Turkey officially expects more investment from China, and as Turkey's Ministry of Economy stated in a report: "In order to contribute to the efforts of partially making up for the growing trade deficit between the two countries, China is expected to initiate greater overtures into Turkey in the form of investments, construction services, projects in transportation, tourism and energy sectors. The deepening of our relations in the field of investment constitutes a vital process with respect to the establishment of stable and lasting cooperation."⁵⁰ Turkey's business community is also very explicit when expressing its expectations. An unpublished study prepared by DEİK's Turkish-China Business Council provides a list of products of which the Turkish producers are expected to export more to China, a similar list of import products from China that are deemed to have the potential to add greater value to the Turkish economy, and makes the point that "Turkey should encourage investments with high technology component from China in a way that these would serve Turkey's development requirements."⁵¹

The OBOR project is opening up new opportunities for Turkey to receive more Chinese investment, and Turkey has high expectations from this initiative. In the meantime, China also expects to make Turkey a part of this project. Railroads, as OBOR's backbone, hold a key position with regard to these mutual expectations. China is implementing what international pundits call "high-speed rail diplomacy"⁵² in order to promote its technology expertise, which is welcomed by Turkey. In November 2015, China and Turkey signed a number of inter-governmental agreements, two of which were related to joint investment in railroads. The memorandum of understanding for the "harmonization of the Silk Road Economic Belt and the 21st Century Maritime Silk Road with the Middle Corridor Initiative" and the "railroad cooperation agreement," which is about building a high-speed railway link between Kars and Edirne, in other words between the easternmost and westernmost points of Turkey, will make Turkey officially a part of OBOR, fulfilling both sides' expectations.⁵³ Turkey will in this way modernize its domestic rail network through new high-speed rail lines, and improve its ability to reach export markets in Central Asia and beyond, while China will consoli-

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date OBOR through the Turkish route. These agreements are welcomed by both sides, but a note of caution is required at this point in case of a gap between deals concluded on paper and outcomes achieved on the ground. For instance, the recent railroad cooperation agreement is in fact a renewal and extension of a framework agreement reached five years ago only to expire due to inactivity. In conclusion, trade and investment *expectations* have a more positive effect on the relationship between China and Turkey than the *actual* levels of trade and investment between the two countries. Nonetheless, if these expectations are not at least partially met, there is doubt that China and Turkey will be able to build a stronger connection.

Finally, how the Chinese and the Turks perceive and—borrowing from the terminology of constructivist literature—“construct” each other also plays a role in determining the shape of the relationship between the two countries. Public opinion surveys do not paint a favorable picture here. Pew Research Center Global Attitudes survey shows that in 2015 only 18 percent of the Turkish respondents answered the question of whether they have a favorable view on China in the positive (compared with 40 percent in 2005), while 59 percent expressed an unfavorable view.⁵⁴ These findings are confirmed by Liu Zuokui’s survey, which found that 22 percent of the Turkish respondents had “very unfavorable” views of the Chinese, whereas 45.5 percent had “somewhat unfavorable” views.⁵⁵ The situation is similar in China with respect to attitudes toward Turkey and the Turks. Kutay Karaca’s study reveals that only 17.7 percent of the respondents in China have a favorable view of Turkey, with the main reason for the unfavorable attitude being the Uyghur issue and Turkey’s perceived role in it.⁵⁶ In an environment dominated by negative mutual perceptions, it is only natural that the relationship between the two countries is easily derailed, despite ongoing economic interaction.

Conclusion

This chapter has offered a critical take on Sino-Turkish relations. Turkey and China have declared that they engage in strategic cooperation, they take steps to improve their relationship particularly in the economic realm, and there is often a positive outlook on the development of the relationship, which does not remain restricted to politicians’ rhetoric but is also raised by members of the business community and academics. Despite this seemingly favorable picture, the relationship can easily go off the rails, and there are strong ups and downs in the relationship, as witnessed during the second half of 2015 and

early 2016. If both China and Turkey pursue their economic interests, and if there is a positive mood shared by all the stakeholders, why do the relations deteriorate so rapidly? If these countries are cooperating strategically, why this reluctance in furthering their partnership?

This chapter has attempted to answer these questions by investigating the relationship between economic interaction and the prospects of political conflict or political alignment. Despite the appearance, and relatively high trade figures, only minimal economic dependence is found between China and Turkey, which makes the relationship vulnerable to effects such as developments in the Uyghur issue. In the meantime, the asymmetry in the relationship caused by China being the economically more influential partner in the dyad makes the relationship even more prone to conflict. Expectations from future trade and investment are shared by both sides, but the positive effect of these expectations on the overall relationship is likely to remain limited if not enough concrete steps are taken to turn expectations into outcomes. In addition, mutual perceptions between Turks and Chinese citizens are distinctly negative, inflicting an adverse effect on the development of relations between the two countries.

There is, however, still considerable room for growth in the relationship between the two countries. The reluctance between the two partners will continue as long as economic dependence on each other remains low and perceptions do not change for the better. However, things can and do change. Through projects like OBOR, Turkey and China can do more business with each other, and in this way they can grow more interdependent. Greater interaction can also replace misperceptions. If this can be the case, and there is no reason to suggest otherwise, a more stable relationship with fewer ups and downs will be the case between China and Turkey. Such a strong partnership will surely have major implications for the region and the global order.

