



The Political Economy of Turkey's Response to the Arab Spring

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The uprisings in the Arab world proved to be a tough trial for Turkey's new foreign policy paradigm based on the principle of "zero problems with neighbors" and complicated its vision of becoming a key player, if not outright leader, in the region. Before the demonstrations rocked the Arab world, the Justice and Development Party (AKP) government had been winning "hearts and minds" throughout the Middle East thanks to its firm stand on the Palestinian issue as well as its efforts to solve problems in Lebanon, Syria, and Iraq. Prime Minister Recep Tayyip Erdoğan was hailed as a hero who "taught a lesson to Israel," at the same time Turkey was lifting visa requirements and expanding economic relations with the countries in the region. The Arab world was praising the "Turkish model" of democratic progress in a predominantly Muslim society as a blueprint for its own road to development.

The pro-democracy movement in Egypt provided an opportunity for Turkey to promote its own "model". Erdoğan did not lose time in demanding the Egyptian president Hosni Mubarak to "heed the desires of the people" and to "step down".¹ The role that Turkey had tailored for itself in the Middle East implied the promotion of democratic change in the region and the response to Tahrir Square was in perfect accordance with this vision.

The real challenge for Erdoğan and his government, however, came with Libya. In stark contrast to its response to the movement in Egypt — and despite the fact that compared with Egypt the uprising in Libya led to greater oppression and brutality — Turkey hesitated to take a clear stance against the Libyan

leader Muammar Qaddafi. Ankara's cautionary approach to the events unfolding in Libya was attributed to the existence of more than 25 thousand Turkish citizens living in Libya, mostly workers and engineers employed by Turkish construction companies, as the government's priority was said to be ensuring the safety of its citizens.

Turkey strongly opposed a NATO intervention against Libya on the grounds that it would be "counter productive" and demanded that change be brought to Libya not through external interference, but from within.² The interesting point is that for Ankara, Qaddafi remained in the picture until keeping him there was no longer possible. Erdoğan, who had asked Mubarak to listen to the people and to go, said in an interview about Qaddafi that he "expected the Libyan leader to take positive steps" one of which would be to appoint a new head of the state "of his choice."³ It was only more than two months after the outbreak of unrest in Libya that Ankara decided to dump Qaddafi. In early May, Erdoğan said that instead of heeding his government's calls, Qaddafi preferred to shed blood and there was nothing more to say in Libya: Qaddafi had to go.

The contrast between Turkey's responses to the events in Egypt and Libya raises questions about Turkey's self-fashioned role as the promoter of democratic change in the Middle East. With regard to Egypt, Ankara had an uncompromisingly pro-democratic stance. In the Libyan case, the response was rather delayed, which appeared as an effort to gain time in order to find a compromise between the establishment, i.e. Qaddafi and the democratic forces. The most common explanation for this unclear position referred to the economic involvement of Turkey in the region. It was argued that, while Turkey's trade and investment relations with Egypt were minimal, in Libya it had a significant economic existence that needed to be protected. Therefore



Ankara could not part easily with Qaddafi, under whose rule Turkish business in Libya had soared, as easily as it did with Mubarak.

This argument implies that Turkey's pursuit of democratic norms and ideals in the region is little more than rhetoric, which only lasts as long as material benefits are preserved. While from a purely realist and pragmatic perspective, this line could have made sense, it nevertheless creates a false dichotomy between the support for democracy and the capitalistic pursuit of profits, which hinders a fuller understanding of why Turkey's responses to Egypt and Libya differed so drastically. This essay proposes a political economy approach that escapes the limits of this simplistic dichotomy by focusing on the interrelation between ideational and material factors determining Turkey's response in both cases.

In order to discuss the material side of the picture, we need to locate both Libya and Egypt in the geo-economic map of Turkey's foreign economic relations. According to the data released by Turkish Statistics Institute, Turkey's trade with Libya totaled 2.4 billion dollars in 2010, while its trade volume with Egypt in the same period was 3.2 billion dollars.⁴ On the other hand, according to Turkish Treasury data, over the ten-year period between 2000 and the end of 2009, Libya received a capital flow of 51.8 million dollars from Turkey, while the figure for the Turkish capital received by Egypt over the same period was 68.6 million dollars.⁵ Both trade and investment figures point to a greater weight for Egypt, however the real story lies somewhere else.

Construction services are the backbone of the Turkish economy, employing 1.4 million people and accounting for 6 percent of Turkey's GDP. In 2010, when Turkey's economy expanded by 8.9 percent, construction was one of the main drivers of growth,

as the sector grew by 17.1 percent in one year.⁶ This growth was mainly derived from activities overseas. Over almost four decades up until the end of 2010, Turkish contractors have undertaken more than six thousand projects in 89 countries, with a total value of 188 billion dollars. Libya is the second largest market for Turkish contractors; they have been active there since the early 1970s and the total value of the 529 projects they have completed so far is 26.4 billion dollars, of which nearly the half has been realized over the last five years.⁷ The construction industry has also spillover effects on trade, as the bulk of Turkey's exports to Libya consist of construction materials. In comparison, Turkish contractors have completed 25 projects in Egypt with a total value of 593 million dollars, almost one-fiftieth of what they have accomplished in Libya.⁸ In other words, Turkey is doing big business in Libya.

It is also important to note that before the uprising broke out in Libya, Turkey had been on a major diplomatic and economic offensive toward this country. Erdoğan's visit to Libya in November 2009 had been a turning point in relations, where the two sides agreed, in Erdoğan's words, "to forget the past and build a new future", lifted visa restrictions, and signed an agreement for the reciprocal promotion and protection of investments. During 2010, Erdoğan went to Libya four more times, during one of which he received the Qaddafi International Prize for Human Rights; and his Trade Minister, Zafer Çağlayan, paid five visits, all of which were accompanied by sizeable groups of businessmen.

All was going well until the uprising muddied this picture. Turkish construction companies in Libya—around 200 of them—had to evacuate Libya, leaving unfinished projects and equipment pools behind. Minister Çağlayan announced that Turkish companies had incurred a loss of 1.4 billion dollars in the form



of uncollected revenues and that another 97 million dollars of deposits remained in Libyan banks.⁹ To these figures should be added the losses caused by physical damage. On the other hand, the projects that the Turkish companies were working when the uprisings began had a total value of 15.3 billion dollars, and the fate of these projects remain uncertain.

Losing Libya would certainly be a blow for the Turkish economy, and from an economic point of view one could argue that Turkey did not turn its back to Qaddafi right away, as it did with Mubarak, because without him the future of Turkish business in Libya could be jeopardized. This line of argument, however, implies that democracy in Libya or the Middle East in general is not a concern for Turkey, since it can be easily dismissed when capitalistic benefits are at stake. My argument is that counterposing support for democracy to the pursuit of material benefits in this way is ungrounded because the two are not necessarily mutually exclusive. In fact, in a neo-liberal setting, the two are interrelated in the sense that pursuing one's material benefits can require the involved party to adhere to universally accepted norms such as democracy, whereas, in the opposite direction, promoting democracy as a value might require the actor in question to possess economic power so that it can have leverage in political and social issues.

Business in a foreign country requires a favorable environment to flourish. If the market in question is a democracy, the rule of law provides this environment. The dilemma here is that a non-democratic regime can also provide a good business environment, however in this case it would be based on relations of patronage. In other words, only selected business actors would be able to benefit from the environment and others would be excluded. Under the Qaddafi

regime, this was the case in Libya. However, if the current regime is deposed, but only to be replaced by another form of an authoritarian regime, there will be no guarantee for Turkish companies to have the same favorable business environment as they did under Qaddafi. Another possible scenario for post-Qaddafi Libya is democratic transformation. The important question is whether democracy will take root from within or will be imposed from without.

Under the Qaddafi regime, that is since 1969 when he overthrew the king and established the Libyan Arab Jamahiriya, Turkey never felt the need to pressure the Libyan leader to heed the desires of Libyan people. Democracy in Libya is now a concern for Turkey, not only (but mainly) because democracy will be decisive in determining the fate of Turkish business presence in Libya. Turkey's procrastinated response did not exactly refer to a preference of capitalistic benefits over democracy, rather what Turkey did was to wait for different options for the post-Qaddafi period to develop so that it could make its choice. The alternatives included two democratic options: democracy from within, i.e. through the pro-democracy opposition, or democracy from without, i.e. through Western intervention. Turkey clearly preferred the first option, since the second option was highly likely to create a post-Qaddafi Libya in which business opportunities, particularly in the construction sector, would be distributed to contractors from Western countries. Whereas the experience of Iraq and Afghanistan set precedence for this scenario, a recent statement by the head of the Turkish Contractors Association, Erdal Eren, clearly revealed the concerns. Eren explicitly stated that the NATO intervention in Libya had economic motives and the business environment that is likely to emerge after the intervention was not going to be a favorable one for Turkish companies.¹⁰ At the end of the day, Turkey opposed the NATO intervention and decided



instead to provide financial support for the opposition groups in Libya. It was also while the NATO intervention was on the way that the Turkish Parliament hurriedly ratified the investment agreement that was signed during Erdoğan's visit to Libya in November 2009. In other words, Turkey was preparing for the post-Qaddafi period.

Turkey supports democracy in Libya, and wants this to be achieved through local dynamics and this preference is directly linked to its calculations for the future of Turkish business in the country. In Egypt, with the absence of long-term business prospects, Turkey's promotion of democracy was only related to the purpose of strengthening its role as a key player in the region; therefore the response to the uprising was fast and firm. In Libya, the construction business complicated the picture, and Ankara needed time to determine its response.

The uprising in Syria constitutes an even greater challenge for Turkey. Not only is there an intense and complicated web of economic relations between Turkey and Syria, but the two countries are also neighbors, which causes additional problems such as refugees and cross-border humanitarian crises. At the time of writing this essay, thousands of Syrian refugees were crossing the Turkish border in order to escape persecution by the Assad government. Turkey's response so far has involved taking care of the Syrians crossing the border and asking Assad to make reforms. To what direction Turkey's Syria policy will eventually develop remains to be seen.

In conclusion, Turkey's response to the Arab spring is marked by different approaches to similarly motivated uprisings in different countries but this is by no means a sign of inconsistency in Turkey's foreign policy. It is not about supporting democracy in countries with fewer economic prospects for

Turkey and prioritizing the preservation of status quo in countries where Turkey is doing business. The two are not mutually exclusive and this is a false dichotomy. In fact, within the neo-liberal framework, democracy can be (and usually is) supported for the purpose of improving business prospects, while increasing business volumes can provide an actor with the leverage it needs for assuming a role as the promoter of democratic values in its region. Turkey is experiencing both, and the variation in its responses to the uprisings in Egypt and Libya clearly illustrate the dynamics of the crisis response process where both support for democracy and existence of large long-term business volumes are involved in an intertwined manner.

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