



## TURKEY'S ASIA A NEW INITIATIVE

When we look at the trade balances and trends around the world, we see that the center of the global economy is shifting towards the Asian countries as a result of the steady growth of the economies in the Asian continent. These developments show the necessity of many countries to review their existing structures in their medium and long-term trade relations. In this context, since 2010 Turkey has prepared new economic and trade policies, and in line with its strategy of developing relations with the Asia-Pacific countries, announced the Asia Anew Initiative in August 2019. This strategic breakthrough contributes to the expansion of Turkey's trade ties with Asian countries and aims to strengthen bilateral economic relations creating opportunities to open up to markets in this geography.

In 2019, in the global trade dynamics Turkey ranked 29th with the export amount of 180 billion dollars and 25th with an import volume of 210 billion dollars. Historically, Turkey's trade volume has increased regularly over the last 20 years and the export numbers have developed in a positive direction for the last 10 years. It can be seen that this development has positively reflected on the ratio of exports to imports as well. The export volume, which was 27 billion dollars in 2000, increased to 113 billion dollars in 2010 and then reached 180 billion dollars in 2019, decreasing to 169.5 billion dollars in 2020 due to the effect of the COVID-19 pandemic. The imports increased from 54 billion dollars in 2000 to 185 billion dollars in 2010 and 207 billion dollars in 2015, followed by slowdown in growth with 210 billion dollars in 2019 and 219 billion dollars in 2020. Between 2000 and 2019, the ratio of exports to imports increased from 51% to 86%. In the first 10 years of this period, there was a 10% increase in this ratio, followed by a remarkable 25% increase in the next nine years, which was recorded as an important positive development for the country's trade balances. In 2020, this rate decreased to 77%.

As a result of the economic development processes in the Asian continent in the last 20 years, the economic center of the world is shifting to this continent. In this context, due to the striking breakthroughs of many countries such as South Korea, India, Malaysia and Singapore, in addition to the main actors such as China and Japan, this economic axis shift is accelerating even more. Turkey also remains indifferent to these developments. In addition to its bilateral economic relations with the countries in the Asia-Pacific region, Turkey has also strengthened its relations with organizations such as the Association of Southeast Asian Nations (ASEAN) at the regional level.

The Asia Anew Initiative announced by the Foreign Minister of Turkey, Mevlut Cavusoglu, in August 2019, aims to improve economic relations with Asian countries, without affecting its relations with the West. On the contrary,

Turkey expects that this initiative would contribute to strengthening these relations. In the framework of the initiative, there are many other initiatives under the leadership of the Ministry of Foreign Affairs in order to strengthen the commercial and economic relations with the countries of the ASEAN in general and with South Korea, Japan, Indonesia, China, Singapore and Malaysia in terms of bilateral cooperation. One of the main goals of this policy is to implement focused and applicable strategies that address regional dynamics in diplomatic approaches with different countries. At this point, Turkey, by signing the ASEAN Friendship and Cooperation Agreement in 2010, has taken an important step towards solidifying its relations at the institutional level. In the following years, it signed Free Trade Agreements (FTAs) with Malaysia in August 2015, with Singapore in October 2017 and with South Korea in January 2020. On the other hand, in this period, within the framework of multidimensional and proactive foreign policy principles, first steps taken in 2015, between ASEAN and Turkey. Later on the Sectoral Dialogue Partnership relationship was implemented in 2017. All these developments provide the possibility to access markets of the mentioned countries, as well as create a good opportunity to represent and increase the visibility of the Turkish companies. Thus, besides commercial relations, new opportunities have been provided to attract investments between the parties.

Looking at the commercial data, which serves as a practical evidence of these developments, there are different trends among these countries. Looking at Turkey's trade relations with other countries in the framework of the Asia Anew Initiative for the past 20 years, we can see that until 2010 relations were developing slowly, shifting to an upward trend in 2010-2015 and increasing numbers in Turkey's exports to these countries after 2017. In this period, decrease in Turkey's imports from some countries can be observed. Although within this group Turkey first signed a free trade agreement with Malaysia (2015), the best performance was achieved in trade relations with South Korea, Japan and Singapore.

The 2015-2019 period trade data shows that Turkey's exports to South Korea rose from 568 million dollars in 2015 to 943 million dollars in 2019. In the same period, imports fell from 7 billion dollars to 5.7 billion dollars. The trade dynamics of Turkey's exports to Japan shows that it increased from 334 million dollars in 2015 to 502 million dollars in 2019. As for the imports, upward trend had stopped in 2017, and even fell back from 4.2 billion dollars in 2017 to 3.6 billion dollars in 2019. Turkey's export to Singapore rose from 432 million dollars in 2015 to 750 million dollars in 2019, while imports declined from 464 million dollars to 365 million dollars. Compared to other

countries, it should be noted that the targeted trade increases were carried out most successfully with these three countries.

Although China is the leader in terms of trade volume within the countries of the initiative, it does not follow a strong upward trend. Turkey's export to China increased from 2.4 billion dollars in 2015 to 2.7 billion dollars in 2019. However, in the same period, the import volume dropped from 24.8 billion dollars to 19.1 billion dollars. All of these noteworthy changes in imports from China, which is one of the main reasons for Turkey's total trade deficit, could be considered as a positive development. A certain success was achieved in exports to Indonesia, where the amount increased from 207 million dollars in 2015 to 289 million dollars in 2019. In the same period, Turkey's imports from Indonesia declined from 1.6 billion dollars to 1.3 billion dollars.

In general, the developments mentioned here show that the volume of Turkey's exports to the six countries within the initiative increased to 29%, while imports decreased to 17% from 2015 to 2019. Turkey's share of total exports to these countries increased from 2.8% in 2015 to 3% in 2019. In the same period, its share in imports decreased from 18% to 15%. Turkey's 2023 vision to reach intended targets in the medium and long term, in line with the intended future perspectives, is opening new opportunities to play a more significant role in the global market by exploring new regions as exemplified by the Asia Anew Initiative. In this context, first, when the pandemic is under control globally with the success of vaccination efforts in 2021, Turkey will achieve greater successes. Examining the economic projections in various reports prepared by different organizations, it is estimated that the big economies in Asia will surpass many Western developed economies in the medium and long term. Similarly, according to 2019 report by the United Kingdom-based Standard Chartered international finance and banking establishment, Turkey will become the fifth-largest economy in the world in 2030 with 9.1 trillion dollars Gross Domestic Product (GDP). China takes first place with 64.2 trillion dollars, the United States is in the third place with 31 trillion dollars and Germany is 10th with a GDP of 6.9 trillion dollars. As a result, we anticipate that the outputs of the Asia Anew Initiative in the last five years, which came to halt in 2020 due to the COVID-19 pandemic, will continue to increase, expanding the trade volume to a size that is suitable for its potential. It would be appropriate to state that diversifying the trade structure with such new initiatives will contribute to a macro-scale economic development, along with positive effect on other areas of economy.

## Politics, Foreign Affairs, and Security

- The Ambassador of Azerbaijan to Pakistan Ali Alizade met with Chairman Joint Chiefs of Staff Committee of Pakistan General Nadeem Raza. The sides exchanged views on the efforts of Pakistan and Azerbaijan to ensure peace and stability in the region and discussed defense, security and military cooperation between the two countries. General Nadeem Raza congratulated the ambassador on the occasion of the recent victory of Azerbaijan in the war and restoring control over its territory (Azertag.az, 11.02.2021).
- The Tajik Minister of Foreign Affairs Si-rojiddin Muriddin had a phone talk with his Russian colleague Sergei Lavrov. The Ministers discussed a number of issues of bilateral cooperation, including against a backdrop of the 17th session of the Tajik-Russian intergovernmental commission for trade and economic cooperation recently held in Moscow. The sides also exchanged views on cooperation between Tajikistan and Russia within the Collective Security Treaty Organization (CSTO) and the Shanghai Cooperation Organization (SCO) and confirmed their interest in further expansion of multidimensional cooperation (Asiaplustj.info, 11.02.2021).
- The Director of the Sixth Political Department of the Ministry of Foreign Affairs of Kyrgyzstan Ermek Omuraliev met with the Head of the EU Delegation to the Kyrgyz Republic Eduard Auer. The sides discussed a wide range of issues of interaction and cooperation in various fields. A special emphasis was made on the opportunities of the EU to exchange experience and project activities in reforming public administration, human development and a green economy (Kabar.kg, 09.02.2021).
- The President of Kazakhstan Kassym-Jomart Tokayev held a telephone conversation with the President of Afghanistan Ashraf Ghani at the initiative of the Afghan side. The heads of state discussed prospects of bilateral cooperation and agreed to continue the dialogue during the visit of a representative government delegation to Kazakhstan in the first half of 2021. In order to consolidate the results of negotiations, President Kassym-Jomart Tokayev invited President Ashraf Ghani to pay an official visit to Kazakhstan (Avesta-news.kz, 11.02.2021).
- Representatives of Uzbekistan and the European Union had a videoconference within the seventh round of negotiations on the Enhanced Partnership and Cooperation Agreement. The event was co-chaired by the Deputy Minister of Investments and Foreign Trade of Uzbekistan Badriddin Abidov, and Deputy Head of Unit, DG TRADE at European Commission, Timo Hammaren. The aim of the conference was the development of a trade-related draft agreement. The parties conducted the sixth round of negotiations in September 2020 (KUN.UZ, 08.02.2021).
- The Minister of Defense of Kyrgyzstan Taalibek Omuraliev held a protocol meeting with a delegation of the Ministry of Defense of the State of Qatar in Bishkek. During the working meeting, the sides discussed the implementation of joint projects, training of military personnel in military educational institutions of Qatar and the possibility of holding joint combat training in mountainous areas. The parties signed a corresponding protocol following the meeting (Kabar.kg, 12.02.2021).

## Economy, Finance, and Energy

- According to the Kazakh Ministry of Trade and Integration, the pandemic significantly contributed to the growth of e-commerce. The online purchases of medicines, household items and food products increased substantially. During the six months of 2020, the e-commerce market reached \$1 billion and increased to \$2.1 billion by the end of the year. The National Bank of Kazakhstan reported that the non-cash payments increased by 2.5 times. Experts forecast that the share of online sales will amount to 13% of annual total retail sales by 2022 (Qazaq TV, 08.02.2021).
- The Central Bank of Russia decided to keep its key rate unchanged. The regulator will continue its policy using the 4.25% key rate. Russia's economy demonstrates the first signs of recovery with higher demand and prices. According to the regulator's forecasts, the economy of Russia will grow by 3-4% in 2021. The Bank of Russia expects lower growth rates in 2022 and 2023, which will vary from 2% to 3.5%. In 2021, the inflation will amount to 3.7-4.2% (TASS, 12.02.2021).
- Turkey will obtain the first gas for the internal market from the Sakarya Gas Field in the Black Sea in the first quarter of 2023. The field was discovered by the country's first national drillship Fatih last year, which would drill 10 wells over the next two years. The stocks of the natural gas in the field are estimated at 405 billion cubic meters, which will be enough to meet the country's gas demand for eight years (Anadolu Agency, 12.02.2021).
- Belarus' economy attracted \$8.7 billion in foreign investments, \$6 billion of which were foreign direct investments. Russia, Cyprus and Austria are among the top largest investors in the country's economy. The share of Russia in the total investments accounted for 41.4%. The percentage share of other investing countries was below 10%. Belarus' business, in turn, invested almost \$5 billion abroad, 66% of which went to Russia. Ukraine is the second destination accounting for 9% of the outflow of investments from Belarus. Around 8.6% of investments from Belarus went to the UK (BelTA, 11.02.2021).
- According to the National Bank of Kyrgyzstan, migrant remittances to the country equaled almost \$2.4 billion in 2020. This number is \$29.7 million lower than in 2019. The remittances mainly came from Russia and the volume of transfers amounted to \$2.3 billion. The volume of transfers from Kyrgyzstan exceeded \$488 million. As a result, the net inflow of remittances amounted to almost \$1.9 billion (24.kg, 11.02.2021).
- Recently, the President of Uzbekistan Shavkat Mirziyoyev announced new measures to promote public health, support youth, agricultural and tourism sectors. For these purposes, the government will allocate \$5.5 billion. The country plans to create additional 500,000 jobs for youth, employ 200 thousand women and bring 300 thousand citizens out of poverty. Family businesses will be supported by allocating \$570 million in credit funds. Currently, the country is implementing 226 industrial and infrastructure projects worth \$23 billion (UzReport, 10.02.2021).

## Society and Culture

- The Turkish National Commission for UNESCO organized an online meeting devoted to the "International Turkic Language Day". The meeting was attended by the Ministries of Foreign Affairs and Education from Turkic states, the UNESCO National Commission Officers, Representatives from TURKSOY, TURKPA, TIKa and the Presidency for Turks Abroad as well as academicians. The participants discussed and further evaluated the inclusion of "International Turkic Language Day" into the list of the International Days of the UN (Turkkon.org, 10.02.2021).
- The Secretary-General of the Turkic Council Baghdad Amreyev visited Tashkent where he met with the Chairperson of the Senate of Uzbekistan Tanzila Narbaeva, the Minister of Foreign Affairs Abdulaziz Kamilov and the Minister of Investments and Trade Sardor Umurzakov. The parties noted the importance of Uzbekistan's accession to the Turkic Council and discussed topical issues of cooperation in the trade, transportation, tourism and socio-cultural fields. The sides also exchanged views on a wide range of issues that are on the current agenda of the Organization as well as mutual events to be held in 2021 (Turkkon.org, 08.02.2021).
- Afghanistan received the first batch of 500,000 doses of coronavirus vaccine delivered from India. Medical workers will be vaccinated at the first stage of vaccination followed by elderly people and citizens suffering from chronic diseases. Around 60% of the population of Afghanistan will be vaccinated with the help of the World Bank, Asian Development Bank and vaccine donations from other countries (Avesta.tj, 09.02.2021).
- The Ministry of Education of Russia will allocate 75 million rubles (slightly more than \$1 million) for the "Class" project aimed at improving the level of Russian language proficiency in Uzbekistan. In 2020, as part of the first stage of the project, 32 specialists from Russia tested about 4,000 local teachers and 500 students for knowledge of the Russian language in all 14 regions of Uzbekistan. In 2021, the first 100 teachers and methodologists will be sent to the republic to work in schools (Darakchi.uz, 12.02.2021).
- The International Turkic Academy organized an event dedicated to the 580th anniversary of a great poet of the Turkic world Alisher Navoi. The event was attended by diplomats from the Turkic states, heads of international Turkic organizations, poets and writers. In 2020, the Turkic Academy translated Alisher Navoi's several famous poems from the Hamsa collection into Kazakh. In 2021, poet's works are planned to be translated into other Turkic languages (Twesco.org, 09.02.2021).
- The agreement between Kyrgyzstan and Turkey on the opening, joint management and transfer of the Bishkek Kyrgyz-Turkish Friendship State Hospital was ratified by the Grand National Assembly of Turkey (Parliament). The agreement allows citizens of Kyrgyzstan to receive higher medical education in Turkey. The construction of the modern clinic for 72 beds with a grant from Turkey began with the coordination of TIKa in June 2016 (Kabar.kg, 11.02.2021).