

# POSSIBLE TURKISH-CHINESE PARTNERSHIP ON A NEW SILK ROAD RENAISSANCE BY 2023

*As two ancient civilizations historically bonded by trade, culture, and strategic thinking, Turkey and China are at the crossroads of an epochal shift at the beginning of the 21st century. China is pursuing a “China Dream” of renaissance in the coming years under President Xi Jinping, while Turkey is seeking to achieve its goals for the 100th anniversary of the Republic in 2023. As the world is rebalancing amidst monumental changes and as Eurasia becomes much more economically and strategically important, both Turkey and China would stand to gain enormously by exploring and pursuing avenues for greater cooperation as partners on a Silk Road to renaissance.*

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## ***History's Pendulum***

In today's multipolar world, history's pendulum is swinging back to leading ancient civilizations after centuries of decline. According to Spanish bank Banco Bilbao Vizcaya Argentaria (BBVA)<sup>1</sup> and Goldman Sachs, the Emerging and Growth-Leading Economies –known as the EAGLEs and including China, India, Turkey, and others– are together expected to contribute 68 percent to world growth between 2012 and 2022. By 2050, the combined economic weight of the top six EAGLEs is projected to be over two and a half times more than the economies of the U.S., Japan, the UK, and Germany combined.<sup>2</sup> By that time, Turkey, if it would be able to reach its goal of being the world's 10th largest economy, will be rating one notch higher than Japan, according to the Global Sherpa statistics.<sup>3</sup>

## ***Dynamics of China's Economic Power***

According to the Economist, China is likely to overtake the U.S. as the world's largest economy by 2019 at market exchange rates.<sup>4</sup> The International Monetary Fund (IMF), on the other hand, puts the date at 2016, on the basis of purchasing power parity.<sup>5</sup> A question often asked is whether China could rise above export dependency to a more consumer-oriented economy. According to the Brookings Institution, China's middle class is rising dramatically, expected to jump from 12 percent (157 million consumers) to 70 percent of China's total population by 2030.<sup>6</sup>

These dynamics are driven by the largest and fastest urbanization the world has ever witnessed. According to the McKinsey Global Institute,<sup>7</sup> China is building 221 new third and fourth-tier cities in the inner provinces, each with a population expected to be over one million by 2025, compared with 35 cities of such size in the whole of Europe currently. In 20 years, China will have added 300 million urbanites, more than the entire population of the United States.

## ***Is the “China Dream” Sustainable?***

China's former Premier Wen Jiabao repeatedly pointed out that the country's development is “unstable, unbalanced, uncoordinated, and unsustainable.” Moreover,

1 “EAGLEs Economic Outlook Annual Report 2013,” BBVA (March 2013).

2 In descending order of economic size by 2050: China, India, Brazil, Russia, Indonesia, Mexico, and Turkey.

3 “BRICS countries path to 2050,” Global Sherpa Statistics, <http://www.globalsherpa.org/bric-countries-brics>

4 “Daily Chart: The Dating Game,” The Economist, 27 December 2011, [http://www.economist.com/blogs/dailychart/2010/12/save\\_date](http://www.economist.com/blogs/dailychart/2010/12/save_date)

5 David Gardner, “The Age of America Ends in 2016: IMF Predicts the Year China's Economy will Surpass U.S.,” Daily Mail, 25 May 2013, <http://www.dailymail.co.uk/news/article-1380486/The-Age-America-ends-2016-IMF-predicts-year-Chinas-economy-surpass-US.html>

6 Homi Kharas, “The Emerging Middle Class in Emerging Countries,” Brookings Institution (20 June 2011).

7 “Preparing for China's Urban Billion,” McKinsey Global Institute (28 May 2008).

China's workforce is expected to dwindle by 2015 as the demographic dividend of a cheap labor pool becomes exhausted by a fast-aging population profile resulting from the One Child Policy.

Professor David Shambaugh, a Senior Fellow at the Brookings Institution, doubts if China can achieve breakthrough innovations under this authoritarianism. The specter of a collapse, like that of the former USSR, serves to reinforce political inertia, entrenched by powerful vested interests including the military and large state-owned enterprises. An assertive nationalism born of centuries of victimhood feeds into China's belligerence towards its neighbors.<sup>8</sup>

Professor Shambaugh's well-placed skepticism must be seen in the following context.

At the start of China's 11th five-year plan (2006-10), the so-called "five imbalances" began to be addressed.<sup>9</sup> Initiatives have been launched to hone a "nation of innovation".<sup>10</sup> These included the promotion of precisely the kind of requisite "soft infrastructure" highlighted by Shambaugh: education, science, cutting-edge technologies, innovation, and cultural creativity.

China has been churning out some seven to eight million university graduates a year. According to the Center for American Progress, by 2030, China will have some 200 million university graduates, more than the entire American workforce.<sup>11</sup>

In the current five-year plan (2011-15), a total of 35 projects are supported under seven broad strategic categories: energy saving and environmental protection, next

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<sup>8</sup> David Shambaugh, "Is China up to the challenge?," *Yale Global* (21 November 2012), <http://yaleglobal.yale.edu/content/china-challenge> The article heralds his forthcoming book: *China Goes Global: The Partial Power* (New York: Oxford University Press, 2013).

<sup>9</sup> The five imbalances between rural development versus urban development, human development versus the environment, economic versus social development, national priorities versus local needs, and inward versus outward investments.

<sup>10</sup> Xu Liyan and Qiu Jing, "Beyond Factory Floor: China's Plan to Nurture Talent," *YaleGlobal* (10 September 2012), <http://yaleglobal.yale.edu/content/beyond-factory-floor-chinas-plan-nurture-talent>

<sup>11</sup> Donna Cooper et al., "The Competition that Really Matters: Comparing U.S., Chinese, and Indian Investments in the Next-Generation Workforce," *Centre for American Progress* (21 August 2012), <http://www.americanprogress.org/issues/economy/report/2012/08/21/11983/the-competition-that-really-matters/>

*"By 2050, the combined economic weight of the top six EAGLEs is projected to be over two and a half times more than the economies of the U.S., Japan, the UK, and Germany combined."*

generation IT, bio-industries, high-end assembly and manufacturing, new energy sources, new materials, and new energy-powered cars.

There is a broad-based awareness that the cheap labor pool is dwindling and China must redouble its efforts to respond to the challenges of the “Lewis Turning Point”<sup>12</sup> and the “Middle Income Trap”.<sup>13</sup>

*“China is likely to overtake the U.S. as the world’s largest economy by 2019 at market exchange rates.”*

The 2012 Report of the World Intellectual Property Organization (WIPO)<sup>14</sup> shows that for the first time, China as a developing country tops the world in the filing of patents, trademarks, and industrial designs. According to the Royal Society, China will surpass the U.S. in citations in scientific literature by the end of 2013.<sup>15</sup>

As for the “Soviet shadow”, the Chinese Communist Party is caught in a quandary. “Extractive institutions” have generated an estimated 180,000 social unrests annually, threatening the stability of the whole regime.<sup>16</sup>

It is instructive that a set of reform proposals in a 468-page World Bank report was given the rare imprimatur of the Development Research Center of the State Council.<sup>17</sup> These include the promotion of civil society, the role of the media in monitoring governance, (although initially only at the local level), and the strengthening of rule of law.

Similarly instructive is the recent example of Foxconn (Apple’s main Chinese subcontractor with 1.2 million workers in Mainland China). According to a report in the *Financial Times*, the company is allowed to get help from the U.S.-based Fair

12 The “Lewis Turning Point” is the period, where a country’s relatively cheap labor force is being exhausted and its economic growth model needs to change dramatically.

13 The “Middle Income Trap” refers to the phenomenon, where many developing countries consider their economic growth stall within the per capita income range of 3,000 - 8,000 dollars.

14 “World Intellectual Property Indicators,” *World Intellectual Property Organization (WIPO)* (11 December 2012), <http://www.wipo.int/ipstats/en/wipi/>

15 “China ‘to Overtake US on Science’ in Two Years,” *BBC News*, 28 March 2011, <http://www.bbc.co.uk/news/science-environment-12885271>

16 Daron Acemoglu and James A. Robinson, *Why Nations Fail – the Origins of Power, Prosperity and Poverty* (London: Profile Books, 2012).

17 “China 2030: Building a Modern, Harmonious, and Creative High-Income Society,” *The World Bank*, 27 February 2012, <http://www.worldbank.org/en/news/feature/2012/02/27/china-2030-executive-summary>

Labor Association (FLA) to train workers in voting for representatives on 18,000 union committees.<sup>18</sup>

Regarding factional vested interests, the Bo Xilai Affair<sup>19</sup> was an epiphany that corruption and vested interests must be reversed, if not totally eradicated, including those represented by monopolistic state-owned enterprises. Fighting corruption has been termed a matter of “life or death” for the Party and the nation by various high-level leaders in power and even by the Chinese President, Hu Jintao.<sup>20</sup>

On the other hand, China has grown too big to ignore its own role in the global commons. The country is the largest contributor of peacekeeping forces amongst the permanent members of the UN Security Council. Moreover, China was instrumental in brokering the six-party talks on North Korea and is recently beginning to take a keener interest in addressing conflicts in the Middle East.

### ***Reconfigured Geopolitics***

The 2008 National Intelligence Report outlined America’s declining global capacity to lead in the wake of the financial crises and wars in the Middle East.<sup>21</sup> This report heralded the launch of “America’s Pacific Century”, which forecasts the U.S.’s return to the Asia Pacific, by former U.S. Secretary of State Hillary Clinton.<sup>22</sup> This reconfiguration of geopolitics has taken the form of boosting regional military, diplomatic, and economic ties with a large number of countries neighboring China, including the launch of a Trans-Pacific Partnership (TPP), which tellingly excludes China. In response, China supported a Regional Comprehensive Economic Partnership (RCEP) that excludes the U.S. that comprises 10 Association of Southeast Asian Nations (ASEAN) members and their Free Trade Agreement Partners (Australia, China, India, Japan, the Republic of Korea, and New Zealand).<sup>23</sup>

18 “Foxconn Plans Chinese Union Vote,” *Financial Times*, 3 February 2013, <http://www.ft.com/intl/cms/s/0/48091254-6c3e-11e2-b774-00144feab49a.html#axzz2bUVhYjCQ>

19 Party Secretary Bo Xilai, a “prince ling” of China’s founding revolutionaries, was a rising political star, having established his credentials in Dalian and later Chongqing – one of China’s mega municipalities with the status of a large province directly answerable to Beijing. He was caught in a series of Hollywood-styled events including the murder of a British national, his glamorous wife’s wheeling and dealing, the fleeing of his top lieutenant to an American consulate for protection, and subsequent findings of corruption and abuse of power including suspicions of fermenting a “palace plot” to seize power at some future date. He has now been stripped of all posts and is awaiting a formal trial.

20 Daniel Bardsley, “Chinese President Hu Says Corruption Threatens Communist Party,” *The National*, 2 July 2011, <http://www.thenational.ae/news/world/asia-pacific/chinese-president-hu-says-corruption-threatens-communist-party>

21 “Global Trends 2025: A Transformed World,” *National Intelligence Council* (November 2008).

22 Hillary Clinton, “America’s Pacific Century, Foreign Policy,” *Foreign Policy* (November 2011), [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century)

23 “Regional Comprehensive Economic Partnership (RCEP) Joint Statement at the First Meeting of the Trade Negotiating Committee,” *ASEAN*, 10 May 2013, <http://www.asean.org/news/asean-statement-communiques/item/region-al-comprehensive-economic-partnership-rcep-joint-statement-the-first-meeting-of-trade-negotiating-committee>

Redoubled American military support has emboldened a number of Asian countries regarding long-standing territorial disputes with China in the East and the South China Seas. Moreover, for China, these waters contain vast strategic energy resources and hold critical Sea Lines of Communication (SLOC) for large-scale maritime trade and energy imports from the Middle East and other regions. Therefore, tension in the region remains high.

### *The Importance of Central Asia for China's Energy Security*

To ensure energy security, China has in recent years developed a network of gas and oil pipelines in Central Asia and in Southwest Asia (notably in Pakistan and Myanmar).<sup>24</sup> China is building a Eurasian transportation railway network, highways, and maritime routes.<sup>25</sup> These infrastructures connect the Gwadar Port in Pakistan to the oil reserves in Iran and onwards overland to pipelines in China's Xinjiang province. Further, given China's substantial interest in energy resources in Afghanistan, this Eurasian network is likely to assume even greater importance.<sup>26</sup>

A significant anchor of China's energy security is the Shanghai Cooperation Organization (SCO). Since its foundation in 2001, the SCO has been widening its geographical scope and has extended its operational agenda.<sup>27</sup> Current observer countries are India, Pakistan, Iran, Afghanistan, and Mongolia; dialogue member countries are Turkey, Belarus, and Sri Lanka; ASEAN, CIS, and Turkmenistan are guest attendees. Turkey, for one, is interested in becoming a full member. What distinguishes the SCO is its significant Islamic representation. At a time of the worldwide rise of Islam, this gives the SCO special gravitas to counterbalance the influence of NATO in the region.

### *The Growing Importance of Africa for China*

Africa accounts for a third of China's crude oil imports and it is rich in terms of its mineral and other resources as well. China surpassed the U.S. as Africa's leading trading partner in 2012. China's state-sponsored financial loans combined with various forms of aid, grants, and investments have outsized those of the World Bank. China's state-run radio and TV networks have the largest number of bureaus in

24 Jacob Gronholt-Pedersen, "Myanmar Pipelines to Benefit China," *The Wall Street Journal*, 12 May 2013.

25 Richard Weitz, "Beijing builds its Eurasian transportation network," *Jamestown Foundation* (12 April 2013), [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=40723&tx\\_ttnews%5Bback-Pid%5D=13&cHash=e5941435c14d7e7f95e0292f3b02b41e](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=40723&tx_ttnews%5Bback-Pid%5D=13&cHash=e5941435c14d7e7f95e0292f3b02b41e)

26 Alexandros Petersen, "Afghanistan has What China Wants," *Foreign Policy (The Afpak Channel)* (18 April 2013), [http://afpak.foreignpolicy.com/posts/2013/04/18/afghanistan\\_has\\_what\\_china\\_wants](http://afpak.foreignpolicy.com/posts/2013/04/18/afghanistan_has_what_china_wants)

27 SCO's agenda now extends to a wide-ranging array of common interests including trade, economic, financial, cultural, diplomatic, and non-terrorism related military exchanges.

Africa. There are now 28 Confucius Institutes in Africa as well as a “Peace Corp” type program for Chinese young volunteers.<sup>28</sup>

### *Strategic Vision of Global Rebalancing*

Zbigniew Brzezinski, a doyen in foreign policy, offers a grand strategy for the U.S. to advance its national interest.<sup>29</sup> His overall rationale is summarized in the following remarks:

The United States’ central challenge over the next several decades is to revitalize itself, while promoting a larger West and buttressing a complex balance in the East that can accommodate China’s rising global status. A successful U.S. effort to enlarge the West, making it the world’s most stable and democratic zone, would seek to combine power with principle. A co-operative larger West –extending from North America and Europe through Eurasia (by eventually embracing Russia and Turkey), all the way to Japan and South Korea– would enhance the appeal of the West’s core principles for other cultures, thus encouraging the gradual emergence of a universal democratic political culture.

### *Recent Developments in Turkey-China and China-Middle East Politics and Diplomacy*

Recent high-level visits from Turkey included President Abdullah Gül’s two-day visit in late June 2009 to Xi’an, the starting point of the ancient Silk Road. This was the first visit by a Turkish president in 14 years.

However, when China cracked down on Uighur riots in Xinjiang in July 2009, Ankara reacted strongly by openly condemning the suppression as a “near genocide”. This was in line with Turkey’s *de facto* guardianship of rights of ethnic Turkic peoples in the Caucasus and Central Asia after the collapse of the Soviet Union. This example serves to highlight one of Turkey’s few sticking points with China.

Nevertheless, during an official visit to Turkey on 7-10 October 2010, Chinese Premier Wen Jiabao lauded the start of a new strategic partnership. A joint goal was announced to increase bilateral trade from 17 billion dollars to 50 billion dollars by 2015 and 100 billion dollars by 2020. Prime Minister Erdoğan said that

28 David H. Shinn and Joshua Eisenman, *China and Africa: A Century of Engagement* (Philadelphia: University of Pennsylvania Press, 2012).

29 Zbigniew Brzezinski, *Strategic Vision: America and the Crisis of Global Power*, (New York: Basic Books, November 2012). His main theme is also expounded in his article: “Balancing the East, Upgrading the West - U.S. Grand Strategy in an Age of Upheaval,” *Foreign Affairs* (January/February 2012).

Turkey intended to contribute to and support the construction of a railway connecting Istanbul to Beijing as part of China’s grand plan to connect China by train lines running to Western Europe *via* Central Asia and Turkey.

The Chinese Premier’s visit was followed by the visit of Turkish Foreign Minister Davutoğlu to China from 28 October to 4 November 2010. Davutoğlu’s visit came on the heels of unprecedented participation by the People’s Liberation Army Air Force (PLAAF) in a NATO aerial military exercise in Konya from 20 September to 4 October 2010, code named “Anatolian Eagle”.<sup>30</sup> It is noteworthy that the U.S. and Israel did not participate in this joint NATO exercise. However, its realization shows that Turkey’s NATO membership does not necessarily preclude closer Turkish-Chinese military relations. Nevertheless, differences of opinion on foreign policy remain between Ankara and Beijing over critical issues such as the Arab Spring and particularly Syria.

Two top level visits that were groundbreaking in terms of cementing good relations between Turkey and China took place in 2012. First was the visit of the former Vice President (now the President) of the People’s Republic of China in February. Second was Prime Minister Erdoğan’s visit to China in April – the first by a Turkish Prime Minister in 27 years. These coincided with a “Year of China” in Turkey 2012 and a “Year of Turkey” in China, commencing in March 2013. During his visit, in addition to promoting bilateral trade and tourism, Erdoğan urged Chinese leaders to put diplomatic pressure on Syria’s Assad regime to end the violence.

These diplomatic tangoes suggest that differences between Turkey and China pale in comparison with the huge strategic benefits to both countries of a more flexible partnership at a time of rapid change in the world’s geopolitical landscape. As the world’s gravity is shifting back to the Silk Road, which bound ancient civilizations, a new era of Turkish-Chinese foreign relations appears to be dawning.

### ***A Turkish Perspective on Turkish-Chinese Relations***

China’s growing importance in the Turkish economy and its more vocal presence in the Turkey-centered geography are fundamental reasons for the enhancement of bilateral relations. The eight cooperation agreements signed in 2010 relating to trade, cultural and technical exchange, marine cooperation, and other issues were a significant step for both of the countries. They pledged to increase bilateral trade to 50 billion dollars by 2015. Both leaders gave their commitment to cooperate in

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<sup>30</sup> Chris Sambellis, “Sino-Turkish Strategic Partnership: Implications of Anatolian Eagle 2010,” *Jamestown Foundation* (14 January 2011).

building high-speed rail between the two countries, to establish a Turkish industrial zone in Xinjiang, and to fight jointly against separatism and terrorism.

The fast degrading trade deficit with China is a growing concern regarding the harmonious and sustainable growth of business relations between the two countries. Out of the current 24 billion dollars of bilateral trade, Turkish exports remain short of 2 billion dollars. This rapidly widening trade deficit has been seen as a threat for sustainable development of bilateral business relations by some Turkish political leaders. But in fact this structural deficit is a good opportunity for both countries to undertake different forms of economic cooperation. For example, out of nearly 30,000 foreign-owned companies in Turkey, the number of Chinese companies is still below 45. This means that there is much room for growth in terms of Chinese investments in Turkey. Already the rapidly increasing numbers of Chinese business delegations' visits to Turkish industrial zones and some recently signed joint investment agreements are good indications of fast growing joint investment possibilities. In addition to real economy, the recent opening of a Bank of China representative office in Istanbul and some Turkish banks representative offices in China, together with joint financing schemes announced by leading banks, are all strong indications of this high growth potential.

*"By 2030, China will have some 200 million university graduates, more than the entire American workforce."*

As mentioned by Chinese President Xi Jinping during his visit to Turkey, these two countries located at the opposite ends of the Asian continent, could use their high-growth potential to boost their regional cooperation. In fact, the two economies are not necessarily competing but can learn how to be complementary to each other. This will require both countries' entrepreneurs to learn more about one another's economies and cultures to undertake more joint ventures and improve cooperation.

In this respect, Chinese companies' involvement in some landmark projects like the Ankara-Istanbul high speed train, various power plants in Turkey, and in the Turkish mining sector are all promising. Similarly, Huawei's recent success in providing a major part of Turkish mobile telecommunication infrastructure and using Istanbul as regional headquarters for its Central Asia business employing more than 700 local researchers, is a clear indication that both countries' companies can learn how to cooperate. Similarly, some Turkish companies enjoy an excellent track record in

Chinese production facilities, such as the Çimtaş high technology production facility in China that serves the nuclear power generation sites.

However, the number of platforms that would enable both sides to learn about each other is unfortunately very limited. This is why both countries should invest in establishing various networks, exchange programs, institutes, and think tanks to create new platforms initiating dialogue for cooperation.

*“Redoubled American military support has emboldened a number of Asian countries regarding long-standing territorial disputes with China in the East and the South China Seas.”*

A positive example of this is the China Institute Turkey (CITAM), which was established as an independent think tank aiming to promote understanding of the Chinese economy and culture among Turkish society –especially businessmen, academics, and youth– with a view to strengthening Sino-Turkish relations. The Institute also aims to introduce the Turkish economy to Chinese business leaders. As the global power balances shift from West to East and as both China and Turkey become increasingly influential in regional and global

geopolitics, CITAM’s focus on the role of these two countries in shaping the world in the 21st century becomes ever more relevant. CITAM has chosen the areas of finance, trade, cooperation in Africa, and technological and ecological innovation as priority areas for the most effective cooperation by the year 2023.

### ***Ten Possible Projects for Turkey-China Cooperation***

The following propositions may present win-win benefits for Turkey-China cooperation:

- *A New Eurasian Land Bridge*

A monumental railway project is being planned linking the Port of Shenzhen (near Hong Kong) to Kunming in Western China and onwards to Myanmar, Bangladesh, India, Pakistan, and Iran, and then across Turkey into Rotterdam in the Netherlands.<sup>31</sup> Known as the “Third Eurasian Land Bridge”, the

<sup>31</sup> F. William Engdahl, “Eurasian Economic Boom and Geopolitics: China’s Land Bridge to Europe: The China-Turkey High Speed Railway,” *Centre for Research on Globalization* (27 April 2012), <http://www.globalresearch.ca/eurasian-economic-boom-and-geopolitics-china-s-land-bridge-to-europe-the-china-turkey-high-speed-railway/30575>

proposed rail network will cross 20 countries and measure 15,000 kilometers, a much shorter distance than by sea *via* the Indian Ocean through the Malacca Straits.<sup>32</sup> The total annual trade volume of the regions traversed was 300 billion dollars in 2009. A branch line would begin in Turkey, crossing Syria and Palestine and end in Egypt, providing a rail link from China into Africa. If realized, this breath-taking project would help Turkey lock into the world's most dynamic market, soon to become the world's largest economy.

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- At the center of the global supply and production chain, China is supported by the world's top container ports along its eastern seaboard. Investment in the Port of Bosphorus at the hub of a burgeoning Eurasian economy should be immensely attractive to China's leading port operators and container port owners.
- The Customs Union of Belarus, Kazakhstan, and Russia, which came into force on 1 January 2010, will greatly enhance the commercial viability of the 5,000-kilometer highway through Kazakhstan, linking China to Europe. This is likely to present opportunities for Turkish and Chinese investors as well.
- With the worldwide growth of mobile and other forms of telecommunication, investment in this sector in the dynamic Eurasian region is likely to reap handsome dividends as it takes off economically in the coming decades.
- Central Asian countries along the ancient Silk Road have witnessed an economic renaissance in the first quarter of the 21st century, driven by their rich resources. These include Kazakhstan (oil and precious metals), Uzbekistan (agriculture, gold, and natural gas), and Tajikistan (antimony, mercury, zinc,

<sup>32</sup> The "First Eurasian Land Bridge" runs through Russia, connecting Rotterdam to Russia's Trans-Siberian Railway across 13,000 kilometers. The "Second Eurasian Land Bridge" runs 10,900 kilometers including 4,100 kilometers in China, which is parallel to one of the ancient routes of the Silk Road, linking Kazakhstan and onwards *via* Russia and Belarus over Poland to the markets of the European Union.

silver, and rock salt plus 4 percent of the world's hydroelectric potential).<sup>33</sup> A joint Turkey-China investment in these Silk Road countries would be an attractive proposition.

- Istanbul could take advantage of the renminbi's (RMB) internationalization to increase market share in RMB-based financial instruments including bonds, commercial papers, currency swaps, and using the RMB for trade settlements. Like Japan and Australia, a small percentage of foreign currency reserve may be denominated in the RMB. These initiatives should deepen the financial links between Turkey and China and help establish Istanbul as a regional financial center.
- China is likely to take a leading role in the establishment of a BRICS development bank targeting Africa initially.<sup>34</sup> As Africa is on the prowl and Turkey has a growing interest in the dynamic continent, the BRICS bank is likely to offer opportunities for Turkish investments on specific projects.
- One of the key Chinese initiatives in Africa in the coming decades is the development of "special economic zones" in Egypt, Nigeria, Mauritius (for trade and finance), Tanzania, Ethiopia, and Gambia. These are open to foreign investments in manufacturing industries that are not limited to oil and minerals.<sup>35</sup> Turkey-China investment in these geographies is likely to yield commercial as well as diplomatic dividends.
- According to the World Tourism Organization (UNWTO), China's outbound tourism, already the world's largest, will reach 100 million travelers by 2015, five years earlier than the original forecast. China's tourists now top the world in spending, amounting to 102 billion dollars in 2012. Turkey should stand a good chance of attracting more Chinese tourists through improved marketing, upgraded transport and hotel facilities, and more China-friendly services as well as more imaginative packages.
- Likewise, on the academic, research, and cultural fronts, there are many opportunities for cooperation, such as exchange programs, joint university research projects, China-Turkey studies, cultural exhibitions, sister-city relationships, joint youth festivals, and a prestigious Turkish think tank on contemporary China studies.

33 This translates into 520 billion kWh of electricity expected annually for export.

34 "BRICS can Bind Despite Differences," *Andrew Leung International Consultants*,

<http://www.andrewleunginternationalconsultants.com/chinawatch/2013/04/brics-can-bind-despite-differences-.html>

35 Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (New York: Oxford University Press, 2009).

## Conclusion

Since early times in history<sup>36</sup> Turkish and Chinese people have been linked by bloodline as a result of historical interaction, a heuristic constructionist mindset, trade along the historic Silk Road, and an adaptable approach to foreign relations in keeping up with the times.<sup>37</sup> Today, China has vowed to attain the status of a middle-income country with per capita income increasing from 5,500 dollars to 10,000 dollars by 2020. At the same time, Turkey is aiming for a renaissance by 2023, the centennial of its foundation by Atatürk. As the world is rebalancing amidst epochal changes as Eurasia becomes much more economically and strategically important, both Turkey and China would stand to gain enormously in exploring and pursuing avenues for greater cooperation as partners on a Silk Road to renaissance.

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<sup>36</sup> Wei dynasty –established in 386 A.D.– was one of the most powerful of the northern Chinese dynasties that existed before the reunification of China. Wei dynasty founders’ language was basically Turkish, and their ancestry can be traced to proto-Turkish peoples. By 439 A.D., Wei dynasty had secured their territories from northern nomadic tribes and unified all of north China.

<sup>37</sup> Rosita Dellios and Nadir Kemal Yilmaz, “Sino-Turkish Relations in a Globalizing Asia Pacific,” paper for Bond University, Australia, No.24 (October 2008), pp. 2-6.



## Can Turkey Rebound to Achieve its 2023 Targets?

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