

## TURKISH-CHINESE COOPERATION ON THE BELT & ROAD INITIATIVE

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### Turecko-čínska spolupráca v rámci iniciatívy Jedno pásmo, jedna cesta

**Abstract:** *China's ambition to get to the top of the largest economies is obvious. This is also the reason in 2013 China launched the largest initiative in modern history – the Belt & Road Initiative (BRI) – to revive the ancient Silk Road using state-of-the-art technology and to connect the Eurasian continent. In this context, China has cooperated with many countries, including Turkey. China and Turkey have a history of complicated relations, but it turns out that it is the cooperation on the ongoing projects of the BRI that could improve relations. This article aims to highlight Turkey's position in the BRI, describes relations between these countries, analyses mutual trade, Chinese investment in Turkish territory and focuses on major projects under the initiative. The results showed that countries in economic interest are deepening their mutual cooperation despite cultural and ethical problems, but there is a large imbalance in market reciprocity. The paper also points out the most important BRI projects, with the opening of the Baku–Tbilisi–Kars railway being identified as the most significant project implemented. This railway opens an alternative land route so-called southern branch of the New Silk Road. Turkey is becoming an important country as a gateway to Europe.*

**Keywords:** *Belt and Road Initiative, BRI, Cooperation, Investment, China, Turkey*

**JEL Classification:** F20, F50, P45

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## 1 Introduction

In 2013, Chinese President Xi Jinping presented a vision for reviving the Silk Road in the form of the Belt and Road Initiative (BRI). One of the principal goals of the BRI is to improve connectivity between Europe and Asia. The BRI can, therefore, be seen as an interconnection between the countries and economies of the Eurasian continent in particular, through a range of projects aimed primarily at supporting the development of infrastructure and coordination of national and regional development plans. The BRI should thus expand and interconnect transport networks and markets, disperse and improve Eurasia's production capacity, facilitate the transit of goods, capital, energy, raw materials, and, to some extent, information, people, and culture. It plans to do this through substantial investments in road, rail, port, and aerial infrastructure, along with ancillary facilities such as power grids, energy pipelines and high-speed fibre optic cables (Ghiassy and Zhou, 2017). National Development and Reform Commission Of The People's Republic Of China (2015) has identified five key areas with great potential and scope for cooperation including: deepening social and cultural exchanges, financial cooperation, strengthening trade and investment relations, interconnecting infrastructure facilities and coordinating national development policies. Baláž, Zábajník, and Harvánek (2019) state that this project is a geopolitical response of China to challenges of the Eurozone crisis and the decline of the economic performance of the USA.

This initiative, presented mainly as a long-term vision of infrastructure development and economic integration, focused on the world's largest continental area – Eurasia has two major components. The overland routes are called “the Silk Road Economic Belt”, which was later extended to six corridors. The Chinese government has given them the task of connecting China with Europe and other parts of Asia.

China called the second part “21st Century Maritime Silk Road”, which is to connect China's largest ports with Southeast Asia, Africa, and Europe.

This means that some countries, which we can call “gateways to Europe”, are important for China. One of these countries is Turkey, which, thanks to its geostrategic location, is an essential link for both parts of the initiative. Relations and cooperation between China and Turkey have been marked by historical events, the Korean War, and the issue of the autonomous territory

of Xinjiang Uygur Autonomous Region and its people. However, it is China's effort to revive the Silk Road that is leading to a growing partnership and opens up the possibility of using land routes (railways and roads) also on the southern part of Eurasia.

That is why we examine in this paper Turkish – Chinese cooperation in connection with the BRI, mapping the modern history of relations between these countries, their foreign trade cooperation, and the most important projects covered by the initiative.

### **1.1 Methodology**

The paper aims to point out the position of Turkey in the Chinese Belt and Road initiative based on existing and planned cooperation within the initiative.

In the introduction to this paper, we briefly characterise the initiative and the reason for focusing on the cooperation between China and Turkey in connection with this initiative. Furthermore, we analyse the Turkish-Chinese relations, especially in terms of intergovernmental interactions, as a key prerequisite for successful cooperation. In the following part, we evaluate the foreign trade of Turkey and China in the last decade. In this part, we examine the potential of this trade in terms of trade complementarity. We also focus on Chinese investments in Turkey, especially in connection with the BRI, and we also bring an overview of the most important projects in Turkey related to its implementation.

The potential for foreign trade between Turkey and China was examined by the Trade Complementarity Index (TCI). TCI provides information on the prospects for interregional trade by showing the extent to which countries' import and export structures coincide (World Bank, 2010). This index measures the complementarity of trade between two selected countries, i.e. the extent to which two countries are "natural trading partners" in the sense that what one country exports overlaps with what another country imports. In other words, the TCI indicates the extent to which the export profile of one country coincides with or complements the import profile of the partner. The formula introduced by Michaely (1996) was used to calculate the TCI, which was modified so that the results of the investigated index take values from 0 to 100:

$$TCI = 100 \left[ 1 - \sum \frac{|m_j^i - x_k^i|}{2} \right]. \quad (1)$$

Where:  $x_k^i$  = share of goods  $i$  in total exports of country  $k$  and  $m_j^i$  = share of goods  $i$  in total imports of country  $j$ . The TCI points to the link between imports from one country and exports from another and is an indicator of the potential for trade diversion. The nature of this redirection is to replace imports from other ("third") countries with imports from the investigated partner (country  $k$ ). If the structure of "third" countries' exports to the home country (country  $j$ ) is very similar to the structure of the partner country's exports, there is potential to redirect the source of imports to the home country. In our case, the TCI would approach 100. If the partner country exports nothing similar to what "third" countries export to the home country, no trade diversion would be possible, i.e.  $TCI = 0$  (Michaely, 1996).

The article also builds upon qualitative methods, including secondary data and information analysis. The BRI issue is dynamic, constantly developing and non-transparent, which is why the article is based mainly on press releases, government announcements, and internet sources. By selecting and synthesizing these most relevant data from available sources, we obtained an overview of the researched issues. In view of the difficulty of transparency in Chinese investment, the data by China Global Investment Tracker (CGIT), compiled by The American Enterprise Institute and The Heritage Foundation, are used to analyse investments in Turkey. CGIT provides a comprehensive set of data on foreign direct investment (FDI) and China's construction contracts, which are shown in graphs and tables for a better overview.

## **2 Turkey & China relations in the context of the implementation of the BRI**

Diplomatic relations between Turkey and China were established in 1971, but a significant deepening of relations was not recorded until 2010. The countries agreed to improve their bilateral ties to a level of strategic cooperation during then-Chinese Prime Minister Wen Jiabao's visit to Turkey (Atli, 2016). Thanks to this cooperation, the countries concluded agreements on joint projects, including infrastructure, and consideration was given to connecting Istanbul and Beijing by rail.

There are several reasons why it took almost forty years for relations to reach a new level. In most cases, the common denominator remains the issue of Uyghurs living in the Xinjiang Autonomous Region. Even in recent history, Turks have acted as protectors of this minority in Chinese territory. The paradox is that, although China continues to be publicly criticized by the Turkish side on the Uyghur issue, relations between China and Turkey are deepening. Several factors influence stronger cooperation. First, since the failed 2016 coup attempt, Turkey has sought new partners to reduce the country's dependence on traditional Western allies, which is also related to Turkish President Recep Tayyip Erdogan's pro-Islamic ideology, which focuses more on Eastern partners. Second, the election of Donald Trump as President of the United States contributed to the further alienation of Turkey from its traditional allies. The diplomatic dispute with the United States culminated in August 2018, when the American president announced through a social network his decision to double tariffs on imports of Turkish aluminium and steel (Dopp, 2018). This decision stemmed mainly from torn political relations in Syria and also because of the detention of an American pastor accused by Turkey of espionage and terrorism. The measures were taken by the American president further deepened the Turkish economic problems they faced in August 2018.

Following these events, the Chinese Ministry of Foreign Affairs said it had noted a "new direction" for the Turkish economy and its foreign relations. During the same period, Turkey signed a financing agreement with China's Industrial and Commercial Bank (ICBC) amounting to \$3.8 billion. The ICBC spokesperson did not comment on the details of what the funds were to be used for (Blanchard and Shu, 2018). On the other hand, D. Trump's protectionist policy also had a negative effect on Sino-American relations, which resulted in a trade war.

The third and most important geostrategic and geopolitical reason, Turkey's participation in the Chinese BRI, which expands cooperation in many areas of infrastructure and funding projects, deepens cooperation dialogues. In 2018, the number of companies with Chinese capital in Turkey increased to 1,000 (HSBC, 2019). Turkey also caters to China in building special economic zones and industrial zones, in which only Chinese companies invest.

**Figure 1:** Map of the Middle Corridor.

**Source:** <https://www.railfreight.com/beltandroad/2020/07/06/new-records-set-on-the-middle-corridor-to-turkey/>

We also consider Turkey a key transit country within the BRI, as China can benefit from a strategic position between Asia and Europe. Turkey can thus use its location to make the country the centre of freight transport between Asia and Europe in terms of trade routes, transport, and energy resources, as Turkey's government intended through the *Middle Corridor*<sup>2</sup>. In November 2015, during the G-20 summit in Antalya, China and Turkey signed a Memorandum of Understanding on Aligning the Belt and Road Initiative and the Middle Corridor Initiative (Hamilton, Noi and Altay, 2018). R.T. Erdogan confirmed Turkey's participation in both the BRI initiative and the Belt and Roads International Cooperation Forum in Beijing in March 2017. He said the Chinese Silk Road Economic Belt initiative was linked to Turkey's *Middle Corridor* project (fig.1), which aims to connect Europe with the Middle East, Asia and then China via Anatolia, and within this framework, Turkey would like to work together with China and other countries along this route. Erdogan

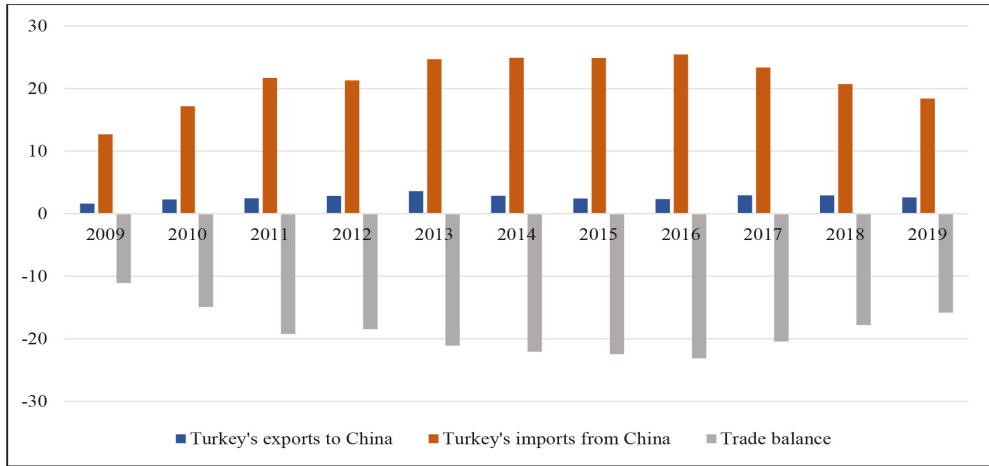
<sup>2</sup> The Trans-Caspian East-West-Middle Corridor, called the "*Middle Corridor*", is Turkey's largest multilateral logistics initiative. It starts in Turkey and passes through the Caucasus region in Georgia, Azerbaijan, the Caspian Sea, Central Asia to China, where it passes through either Turkmenistan-Uzbekistan-Kyrgyzstan or Kazakhstan. On this route, the major hubs of multimodal transport on the Caspian transit corridor are the ports of Baku Alat in Azerbaijan, Aktau, and Kuryk in Kazakhstan. In this initiative, Turkey also points to the importance of the original Silk Road in the transit of goods and emphasizes the use of land, especially rail, to transport goods from Asia to Europe. According to Turkey's officials, the use of this route is more efficient, as the Central Corridor is faster than the so-called The northern corridor passing through Russia, because it is 2,000 km shorter.

also noted that progress would be made in implementing various projects in Turkey and the region of countries involved in the *Middle Corridor* initiative, which aims to be one of the main and complementary elements of the BRI. He ended his speech by saying that Turkey was ready to provide all kinds of support for this cooperation. The first key project for this cooperation was the opening of the Baku-Tbilisi-Kars railway line (Presidency of the Republic of Turkey, 2018). According to the Turkish ambassador to China E. Önen, Turkey is ready to work with Chinese companies to create a more integrated Eurasia within the BRI (Meng, 2018). This means further cooperation with Chinese partners in the field of major BRI goals as Chinese investments and infrastructural projects.

The importance of economic cooperation for Turkey appears to be reflected in changes in views on mentioned problematic aspects. Turkey is one of the few Muslim-majority countries to have criticized China's "re-education" camps, but in 2019 after meeting with Chinese President Xi Jinping, Erdogan said he believed it was possible to "find a solution to this issue that takes into consideration the sensitivities on both sides" (Westcott, 2019). This differs greatly from the harsh criticism that Turkey has addressed to China in previous years. A change in Erdogan's rhetoric can only be a further proof of how sophisticated China can use the so-called "soft power" in their own favour. Countries also reflected the improvement of these relations in other investments, projects and cooperation, which we elaborate below.

## 2.1 Development of mutual foreign trade

Although Turkey does not export large values of goods to China, China is extremely important to Turkey from a foreign trade perspective. China is the second largest import partner after the Russian Federation. The trade volume between Turkey and China stood at \$23.6 billion in 2018 and \$21 billion in 2019, according to the data released by the ITC Trademap (n.d.). The development of foreign trade between the partners is shown in fig 2. As we can see, since 2009 there has been a significant predominance of Chinese exports to Turkey, which had a growth trend until 2016. It has declined slightly over the last two years under review, because of the currency and debt crisis that has persisted in Turkey in recent years. Turkey exported goods averaging \$2.8 billion to China in the last decade. They managed to cross the 3 billion mark just in 2013.

**Figure 2:** Turkey– China foreign trade between 2009 and 2019 (in billion\$).

**Source:** own research based on data from ITC Trademap (n.d.).

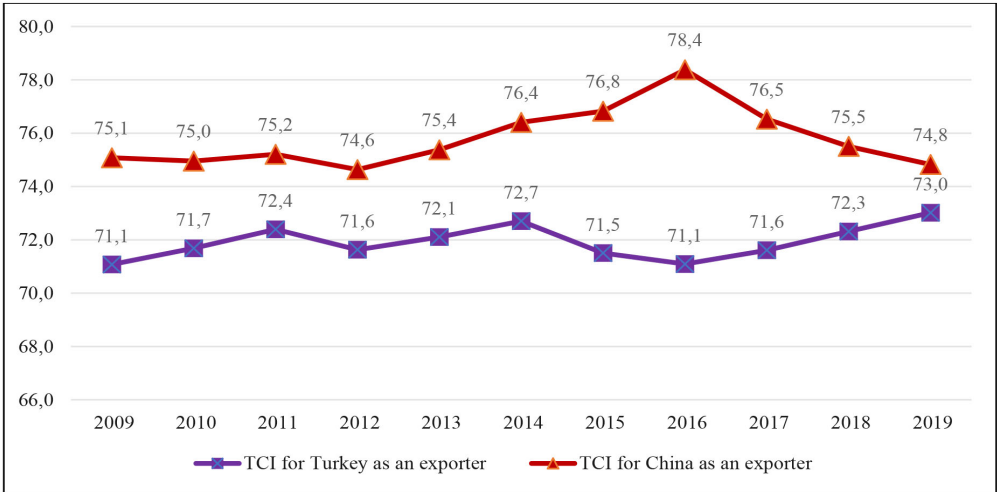
However, there is a very unfavourable development in this bilateral trade, which is reflected in Turkey's very high negative trade balance. Lernen (2020) warns widening trade imbalances with China may be a warning for investment deals to come. There are many examples in the world that excessive indebtedness to China can cause major economic problems, or often the country's inability to repay the debt is guaranteed by its own lands and thus by sovereignty.

It is because of this imbalance that we have explored the potential for mutual trade based on TCI (1). It shows the extent to which the export profile of one country complements the import profile of the partner, and thus strongly complementary profiles may indicate usable sources of trade growth.

Here, we examined the development of trade complementarity in the years 2009 to 2019 both in terms of Turkey's exports (supply) in China's imports (demand), as well as in terms of China's exports in Turkey's imports. A score of 100 of the TCI indicates ideal (natural) trading partners, while a score of 0 shows that the two countries are perfect competitors, so there is no complementarity.



**Figure 3:** Development of trade complementarity between Turkey and China between 2009 and 2019



**Source:** Calculated by the author based on ITC Trademap (n.d.).

Fig. 3 shows the development of the index among the given economies in the period between 2009 and 2019. There was no significant change in complementarity during the observed period, and the values in both cases are very similar. We find that while China’s exports can complement Turkey’s import profile to a greater extent, Turkey is also achieving a high index. Given the value of the index in both cases exceeding the score of 70, we can consider the strong trade complementarity of the countries, which we interpret, there is potential for increasing trade flows, but currently more in favour of China. When interpreting the results of the TCI indices, it is also necessary to mention the limitation according to which countries that are geographically distant or have high transport and transaction costs may not be ideal trading partners despite the high complementarity index (World Bank, 2013). Thus, it is improving cooperation and better relations, as often stated by both parties, mainly because of Turkey’s participation in the BRI and Chinese investment that should motivate Turkey to demand greater reciprocity of markets, as European countries call for. It is a way to avoid mentioning the problems of China's over-dependence and influence.

In terms of commodity structure, displayed in table 1, Turkey exports the most salt, sulphur, earths and stone, plasters, lime and cement, which account for about one third of the goods from the export to China. Another important

export item is also the minerals (Ores, slag and ash) that are followed by the group HS 99 (Commodities not elsewhere specified). On the other hand, China, as a manufacturing power, mainly exports electrical machinery, machinery, mechanical appliances, nuclear reactors, boilers, and organic chemicals to Turkey.

**Table 1:** The major export commodities of Turkey and China in their bilateral trade

TURKEY		CHINA	
HS code	Product label	HS code	Product label
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
'26	Ores, slag and ash	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
'99	Commodities not elsewhere specified	'29	Organic chemicals
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	'54	Man-made filaments; strip and the like of man-made textile materials
'20	Preparations of vegetables, fruit, nuts or other parts of plants	'39	Plastics and articles thereof

**Source:** own research based on data from ITC Trademap (n.d.).

For 2020, one of the most significant achievements of the trade relations is Turkey's first China-bound export train arriving in the north-western Chinese city of Xi'an in December (Belt & Road News, 2021). China is also strengthens its influence in Turkey during the pandemic, when it regularly provides medical equipment and also delivered 3 million doses of China's SinoVac COVID-19 vaccines in November 2020.

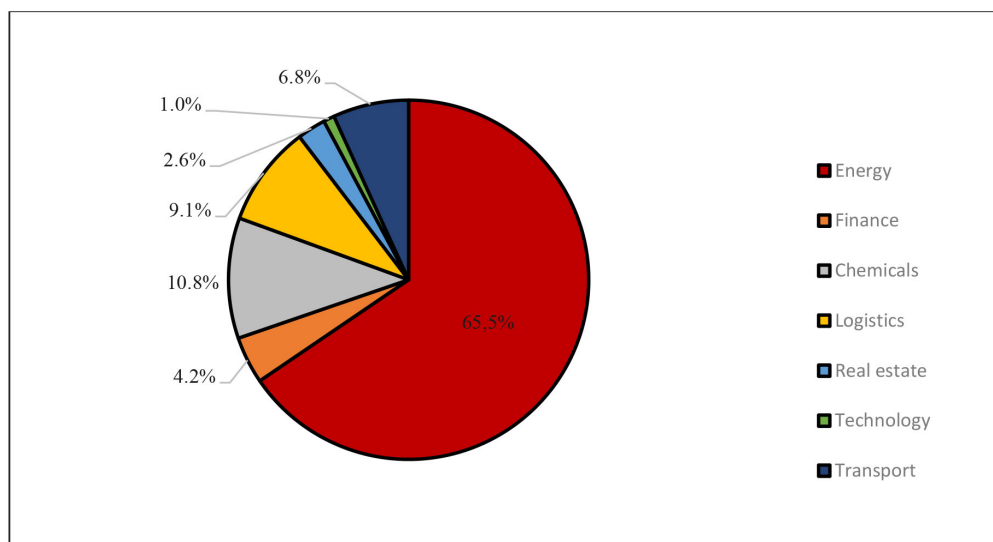
## 2.2 China's investment activity in Turkey

Chinese investment in the BRI is massive. Overall BRI investment projects are estimated to add over USD 1 trillion of outward funding for foreign infrastructure over the ten-year period from 2017 (OECD, 2018). BRI mainly

creates certain coordination and strategic emphasis on the development of investments of Chinese companies (private and state-owned companies) (Baláž et al., 2019).

According to AEI (2020), since the announcement of the initiative (in 2013), China has invested over \$10.1 billion in Turkey. These projects are FDI, but mostly public investment contracts financed by Chinese banks. We display the breakdown of these Chinese construction project costs and investments by sectors in fig. 4. Out of the total projected construction costs, more than half are budgeted for the energy sector (65.5%), and further significantly less for the chemical sector (10.8%). The logistics (9.1%) and transport (6.8%) sector follows. Less than 5% of total Chinese investment, and construction project budgets went to other sectors (finance, real estate, and technology).

**Figure 4:** Breakdown of Chinese construction contracts costs and investments by sectors in between 2013 and 2019 (in %)



**Source:** own research based on data from AEI (2020).

Table 2 summarizes investments and construction projects that, according to AEI & The Heritage Foundation, belong directly to the BRI. In September 2019, construction began on the Hunutlu Thermal Power Plant, and is announced as China’s largest direct investment in Turkey (Xinhua, 2019). The contract between Turkish and Chinese state-owned companies, in the amount of more than \$1.3 billion, is a flagship project linking the China-proposed Belt

and Road Initiative with Turkey's "Middle Corridor" vision. Also, the second investment of more than a \$1 billion concerns the construction of a coal power plant, in which one of the five largest state-owned electricity producers in Mainland China – Power China invests. The third most significant BRI investment (\$940 mill.) concerns the construction of the high-speed railway Kars – Edirne, is described in more detail in the subchapter 2.2.

We can also mention the investment of Chinese state-owned manufacturer of power generators Dongfang. In 2016 the company entered into a contract by and between a consortium formed by Dongfang Electric, a local civil engineering company in Turkey, and Hema Electricity Company. Under the EPC<sup>3</sup> general contract, the Dongfang Electric's total investment will be approximately \$660 mill (China Go Abroad, 2016). These, but also many other energy projects funded by China are focused on coal-fired power plants. Besides the fact that many of these projects provoked protests from local people, they are a cause for concern of the Western partners. For example, in 2020 prominent leaders of EU, which is still Turkey's most important partners, Ch. Michel, U. von der Leyen and A Merkel again encouraged China to strengthen its climate commitments in terms of peaking carbon dioxide emissions and setting the goal of climate neutrality domestically. The EU also stressed the importance of a moratorium in China of building coal-fired power plants and financing their construction abroad, at least as part of the BRI (European Council, 2020). Nevertheless, these projects continue.

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<sup>3</sup> EPC contracts are agreements that provide the engineering, procurement, and construction of a project. According to Shapiro, Lifschitz & Schram (2021), they have become an industry standard agreement for the building of power and energy plants. In essence, such agreements provide power and energy companies with a single point of responsibility—the EPC contractor—that manages all aspects of the project. They also define the relationship between the power company and the EPC contractor, spelling out such important details as timelines, liability, and remedies.

**Table 2:** List of Chinese investments and contracts in Turkey that are part of the BRI

Year	Month	Chinese Entity	Mill. \$	Transaction Party	Sector
2014	April	ICBC	320	Tekstil Bankasi	Finance
2015	February	Sinomach	380	OEDAS and OEPSAS	Energy
2015	May	Sinoma	160	Limak Holdings	Real estate
2015	May	Sinoma	100	Votorantim Cimento	Real estate
2015	September	China Merchants, CIC, COSCO	940	Fina Liman	Logistics
2016	January	Dongfang Electric	660	Hattat	Energy
2016	May	Bank of China	110		Finance
2016	December	ZTE	100	Netas	Technology
2017	November	Power Construction Corp	1090	Teyo	Energy
2019	September	StatePower Investment, AVIC	1320		Energy
2019	November	China Electronics Technology	110	Kaylon	Energy
2019	December	China Merchants-led consortium	690		Transport

**Source:** processed by the author according to the data from AEI (2020).

Although the world economy is slowing down because of the global pandemic, significant Chinese investments in Turkey continued in 2020. In March, Turkey Wealth Fund (TWF) signed a memorandum of understanding with China’s Sinosure to provide insurance support up to \$5 billion for financing activities (Sahin, 2020). The deal will see Sinosure provide support for TWF financing activities of BRI projects and to promote bilateral trade.

### 2.3 The most significant BRI projects in Turkey

According to the NDRC (2015), not only investment and trade cooperation plays a major role in the reviving of Silk Road. Facilities connectivity is a priority area for implementing the BRI. It is large-scale infrastructure projects that are one of the main pillars of the BRI. Despite the relatively short time since the initiative has been implemented in Turkey, we have identified several important transport hubs.

**Figure 5:** Map of the Baku – Tbilisi – Kars railway line**Source:**

<https://www.aa.com.tr/en/asia-pacific/first-train-to-link-baku-tbilisi-kars-starts-next-week/945345>

The Baku-Tbilisi-Kars (BTK) railway is also called the *Iron Silk Road* (Aydin, 2017). The BTK railway line is one of the most important components, which is included in the project both under the BRI initiative and the Middle Corridor. The railway passes through the capital of Azerbaijan – Baku and the cities of Tbilisi and Akhalkalaki in Georgia to the city of Kars in Turkey. We can describe it as the third stage of the infrastructure interconnection of these countries, as the Baku – Tbilisi – Ceyhan oil pipeline and the Baku – Tbilisi – Erzurum gas pipeline already exist. It was put into operation on October 30, 2017, when it was ceremoniously opened in Baku with the participation of R.T. Erdogan (Morrison, 2017).

As fig. 5 illustrates, the railway line aims to connect Azerbaijan and Turkey. The total length of the BTK railway line is 825 km (503 km passes through Azerbaijan, 244.5 km through Georgia, and 77.5 km through Turkey).

The opening of this railway meant that Russia's monopoly position (via The Trans-Siberian Railway) in land transport between China and Europe would be reduced, opening up the "southern branch" of the New Silk Road, as goods could be transported from China to Kazakhstan and then across the Caspian Sea to Baku, from where it will be transported to Turkey via BTK and finally

to Europe, where the existing railway lines can transport goods all the way to London. According to the available data, the volume of freight carried on the BTK railway line in the first year of its operation was 110,000 tons carried by 116 trains (Daily Sabah, 2018a). According to the latest statements by the Turkish Transport and Infrastructure Minister in May 2020, on this line, 240,000 tons of exported goods in 5,250 containers and 280,000 tons of imported goods or transit cargo to Europe in 5,300 containers have been transported so far (Ports Europe, 2020).

This route also proved to be an extremely important transport hub during the pandemic, when it was in the interest of countries to shorten the accompanying routes as much as possible. According to Turkish officials, between March and May 2020, about 140,000 tons of goods were transported via BTK. This was a three-month record for the BTK railway since its launch (Garibov, 2020).

The next step in strengthening Turkey's position as an important BRI transit country should be the construction of a 2,000 km long high-speed rail line from Kars to the town of Edirne, located approximately 7 km from the Greek border and 20 km from the border with Bulgaria and following the BTK. Turkey thus has the opportunity to connect the easternmost and westernmost cities. The project also talks about China's participation, as confirmed by Ambassador E. Önen, who confirmed in January that negotiations on a joint agreement should be concluded in the coming months with a positive outcome (Meng, 2018). According to the information provided by the Chinese authorities, the length of the transport of goods from China to Turkey will be reduced to one day thanks to such a railway network (DailySabah, 2018b). In addition, Chinese goods will be shipped to Europe within 18 days.

Although the shores of Turkey are bordered by the Black Sea, the Mediterranean Sea and the Aegean Sea, Turkish ports are not shown on the original plans of the 21st Century Maritime Silk Road. A key port in this area has been the Greek port of Piraeus, in which China has invested since 2009 and made the most significant investments in 2016, when Chinese state-owned company COSCO first bought a 51% stake and then a 67% stake for \$419.7 mil. (Stamouli, 2016). Piraeus has thus become one of the most famous projects within the BRI. However, in 2015, a joint venture set up by a Chinese consortium of investors bought a 64.5% stake in Turkey's third largest Kumport container terminal in Istanbul's Ambarli port (Investment Office, 2015). A consortium of COSCO, China Merchants Holdings and the Chinese State Fund bought a

majority stake for \$940 mil., giving China another strategic port near Europe. During the first year, when the terminal was managed by COSCO, according to statistics, 665 thousand TEU were transferred. According to 2018, the number of containers transported is increasing, with 1,258 million TEUs being transshipped at Kumport terminals in 2018, an increase of 18.3% compared to 2017 to 1.063 million, again indicating an increase in transit goods in Turkey. (PortsEurope, 2019).

In addition to “classic” infrastructure projects, Turkey has begun working with China in the digital world. One of Turkey’s largest telecommunications service providers, Turkcell has teamed up with one of China’s largest information and communication technology providers, Huawei, and Turkcell aims to leverage Huawei’s and the Chinese government’s experience in software development and innovative solutions. In 2020, Turkcell announced it has completed the World’s leading high-speed data transmission trial with Huawei out of China on a live Mobile Carrier network (Huawei, 2020). This gives Turkcell a competitive edge in high-speed transmission while also driving the evolution of this technology in 5G era.

### **3 Conclusion**

China’s boom because of seizing the rapid development opportunity of economic regime reform as a process of globalization, and investment in new technologies (e.g. 5G) has secured China its position as the largest exporter of goods since 2009. For the world’s largest exporter, shipping routes are extremely important, which is why it is understandable why it is in China’s interest to make the most efficient use of logistics links. The vision for the renewal of the Silk Road as BRI, which China launched in 2013, seeks to streamline logistics connections and effectively utilize Chinese resources.

Turkey plays an important role in this initiative, as it is one of the countries that represent the so-called gateway to Europe. Thus, China gains the opportunity to exploit Turkey’s strategic position, and vice versa, Turkey is gaining a powerful partner to support projects it needs to activate within the Middle Corridor to fully exploit its own transit potential.

The process of globalization has also brought a growing degree of economic interdependence, which is also reflected in these two partners. Despite the fact that the relations between the two economies have long been plagued



by cultural and ethical problems, their cooperation for economic benefit seems more important. Besides the statements of both governments, Chinese investments also prove it. In the process of reviving the Silk Road, Turkey and China work together in areas such as energy, chemicals, transport, logistics but also real estate. Many of the large and costly contracts mainly concern the construction and expansion of coal-fired power plants in Turkey. This may raise concerns for another important Turkish partner and BRI participant – the EU, which promotes “green” policies without coal-fired power plants.

In the case of mutual foreign trade, there is a large imbalance, which is reflected in the trade deficit to the detriment of Turkey. However, we have found that the complementarity between the countries’ import and export profiles is high, and therefore Turkey should demand greater reciprocity in the markets so that it does not run into even greater problems and is not completely dependent on Chinese investment and trade.

This initiative has already brought significant projects that make it possible to increase transport flexibility and, if necessary, bypass Russia on the southern branch of the Silk Road on the land route between Europe and Asia. This connection made it possible, especially by opening the Baku – Tbilisi – Kars railway line. The route, which runs east-west through the Caspian Sea, continues to the capital of Azerbaijan – Baku, then passes through the Caucasus to the capital of Georgia - Tbilisi and ends in the Turkish city of Kars. From there, the goods can go to all corners of Europe.

Implementing other planned projects may shape further cooperation between China and Turkey and also make transport through Turkish territory even more attractive.

As this is a dynamic process, future research should focus on further (updated) mapping of the progress of the initiative and within China’s cooperation not only with Turkey but also with other “gateways to Europe” such as Kazakhstan, Russia, etc.

This may help bring a comprehensive picture of the change in the functioning of international trade across Eurasia and its two poles – the economic powers of the EU and China.

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