

# A GENERAL LOOK AT ASIA AND TURKEY'S PRIORITIES



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*PROSPECTS AND PRIORITIES OF TURKEY IN ASIA*

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FOREIGN AFFAIRS OF THE  
REPUBLIC OF TURKEY  
AT CENTER OF EURASIAN  
STUDIES**

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**Excellencies,  
Dear Guests,  
Ladies and Gentleman,**

It is a great pleasure to be here and address such a distinguished audience.

At the outset I would like to thank Ambassador Alev Kılıç, Director of the Center for Eurasian Studies (AVİM) and all those who have contributed to this meeting and wish them every success.

I wish to share with you my views as to where Asia today is heading and Turkey's policies and priorities towards this region, with a particular focus on Asia-Pacific, Russia, Caucasus and Central Asia.

Let us make a tour d'horizon to remember the dynamics which shapes the ongoing change in Asia.

The world is approaching a turning point of truly historic proportions with an unprecedented speed.

Asia lies at the epicenter of this global change; and "the Asian reality" has created a new state of affairs in world geopolitics.

The rapid modernization and expansion of Asian economies is acknowledged as one of the most impressive developments in the economic history of the world.

The driving force behind this momentous change is nothing but information technologies, innovations, mass production and creative ideas.

As Thomas Friedman says, birds are flying back to Asia after almost 200 year-break.

In this vein, we have to keep in mind that people in the region tend to have a much longer historical worldview than is commonly found in the West, so 200 years comparatively a short period of time in the history of thousands years long civilizations.



Although historical trends are by definition slow to emerge, could anyone imagine that such a global shift would take place in less than half a century in the human history?

Today Asia has become a center of attraction. Western travel agencies are in race to send their customers to the glamorous cities and resort places in Asia.

We hardly see any big western company which does not have a branch or headquarters in this ever-booming and ever-expanding Asian markets.

Can any business or company in the West- be it small or large- function without a Chinese connection or a Chinese product on its shelves? I doubt it.

In the last 20 years we all witness new cities, new hi-tech roads, new bridges, new factories and new grandiose universities are rising in the heart of Asia.

Asia has once again rejuvenated itself in the history.

Today, the region is characterized by self-confidence.

Caravans, which once carried China's silk, India's spice and Yemen's coffee were enriching the world economic, social and cultural life in the past.

Today, various pipelines carrying Russian, Turkmen, Kazakh and Azerbaijani hydrocarbon resources, and similarly, Japan's Mitsubishi, Toyota, Honda, Sony and Panasonic; South Korea's Kia, Hyundai, Samsung and LG, India's IT technology, software and Bollywood, China's massive and competitive production; yoga, meditation and sushi, off-shoring and Gangnam Style are doing the same thing.

It was not until 1980 that any investor in the West woke up to a day with a primary focus on the Asian Stock Exchange news.

This has dramatically changed over the course of last 30 years. Today, any change in the indices of Hong Seng, Nikkei or ASX100 can impact decisions of Dow Jones, NASDAQ, FTSE investors.

Though the Asian states constitute one of the most diverse regions of the world, it also represents a group of countries that is increasingly interdependent and aware of common interests.

Particularly since the devastating Asian financial crisis in 1997, these countries have been strengthening their regional alliances and interactions.

In fact, the increasing interdependence is the answer to those who assert that economic and political rise of Asia Pacific nations will be a threat to the global balance of power.

**Dear Participants,**

The Atlantic was once the center of the global economy with Asia and the Pacific at the periphery, now this is in the process of being turned on its head.

Asia becomes a game-changer of the global order.

The focus of the all global powers and rising powers, including Turkey, is shifting to Asia Pacific region.

The rise of Asia or the dawning of Asian miracle definitely is not by accident.

Just look at how far the region has come.

The spectacular economic rise of Asia Pacific has led many to describe the phenomenon as "the Asian miracle".

Japan and Asian dragons, South Korea, Singapore, Taiwan, Hong Kong, doubled their incomes every eight years between 1960 and 1985.

By 1990, more than 650 million people in East Asia had been lifted out of poverty, leaving less than 10 percent of the population in that category, compared with 25 percent in Latin America, and more than 50 percent in Africa and on the Indian subcontinent

Over the past decade alone, Asia has grown by more than 7% a year.



30 years ago, Asia represented less than 20 % of global GDP and the US 30 %. However, today Asia's share of world GDP jumped from 20 to 30 %, living standards rose sixfold, and an incredible half billion people pulled themselves out of poverty.

Asian Development Bank forecasts that the Asian share in the world GDP will scale up to 51% by mid-century.

This means that, nearly 3 billion more people will be lifted out of poverty in the next 35-40 years.

Currently, the engine of this spectacular change is surely in the helm of China and India.

The World Bank statistics shows that China's economy has grown 10 times in the last 30 years. IMF predicts that in purchasing power parity terms, China's economy may surpass that of the United States by 2016.

More recently, during the dark days of the global financial crisis, it was Asia that kept the flame alive, accounting for about two-thirds of global growth.

According to IMF data, from 2005-2010, in purchasing power parity terms, while Eurozone grew by an accumulated 15% and US by 16%; India and China grew by 67% and by 88% respectively.

If China could ensure increase in wages parallel to its GDP growth, its middle class could swell to 50% of its population in just 10 years.

This means, more than half of China's population will be able to drive better cars, live in better houses, travel more, and consume more and high-toned.

This is a grandiose economic and social change, which deeply influences demand-supply, import-export and credit-finance equation of the world economy.

Likewise, India, the other leading actor in the region, is predicted to

become the world's third largest economy well before the middle of this century.

A similar economic and social change may also take place in India in the years to come.

These figures themselves display that the peace and prosperity of Asia for the decades ahead is not only critical for Asia itself but it is now equally critical for the global economy as well.

If the potential is harnessed fully through appropriate policies and a strategic vision, Asia will certainly play a far greater role in world affairs.

The Indian poet Tagore talked about the "*opening of a new chapter in history*" after a period of turmoil. "*Perhaps that dawn will come from this horizon, from the East where the sun rises*" he said.

Despite its rise and immense potential, it would be fair to say that Asia is not a risk free continent as the others.

Economic and political choices have also had a dramatic impact on the environment in Asia Pacific.

In the coming years, combating poverty and managing migration into overburdened megacities will continue to challenge most of the Asia Pacific countries.

Furthermore, there has been a rapid urbanization throughout the region that led to new demographic challenges.

The population of China alone is about three times of the total population of the EU member states.

Likewise, India's population alone is more than the overall population of North, Central and South America.

There are more Muslims in South Asia than the whole Middle East.





Last but not the least, the world's fastest growing economies, the fastest rising military expenditures, the fiercest resource-allocation competitions and the most serious hot spots can all be seen in Asia.

The Korean nuclear issue; the Taiwan Straits; the East China Sea; the South China Sea; the Thai/Cambodian border; Myanmar's civil conflicts in its border areas could be mentioned as some examples.

Furthermore, the outstanding dispute between India and Pakistan over Kashmir, as well as unresolved areas on India's border with China; plus problems related to Afghanistan, Nagorno-Karabakh, Abkhazia, South Ossetia and Chechnya are waiting to be solved.

**Dear Participants,**

The historical, political, economic, and cultural dynamics within Asia have been so varied and complex that many analysts do not dare to examine the region as a whole.

Therefore, I would like to briefly touch upon four main protagonists in Asia, mainly Asia-Pacific, Russia, Caucasia and Central Asia in a conventional term.

Let me briefly start with **The Asia-Pacific** which constitutes one of the strategic pillars of our multi-dimensional foreign policy.

We intend to enhance and institutionalize our cooperation with the countries in the region.

Our Ministry has been working on a **new Asia-Pacific Strategy**. It is based on political, economic and people-to-people engagement with the regional countries.

Our new strategy paper contains concrete goals, means and resources.

We are working for the completion of the legal framework and the establishment of consultation mechanisms in our bilateral relations.

In addition, we assist some developing and the least developed countries through TIKA by devising concrete projects.

In this framework, our efforts in order to establish institutional relations with ASEAN since 2008 gave positive results, and Turkey became a party to the ASEAN Treaty of Amity and Cooperation at the 43rd ASEAN Foreign Ministers Meeting held in July, 2010 in Hanoi.

Our Ambassador to Jakarta has been accredited to ASEAN. Now our new goal is to establish Dialogue Partnership with ASEAN.

Our main tools for increasing bilateral cooperation are effective use of mechanisms like joint economic commissions and business councils.

Enhancing its presence in the region, Turkey has opened embassies in Myanmar and Sri Lanka in 2012, to be followed by Cambodia and Brunei in the near future.

During the last decade, high-level bilateral visits with the Asian countries have intensified significantly.

Furthermore, Turkey has increased the number of scholarships allocated to the countries of the region and initiated youth exchange programs.

Our main carrier, Turkish Airlines, has also been increasing its destinations and flight frequencies in the region.

Turkish Cooperation and Coordination Agency (TİKA) has enhanced its development projects, especially in the LDC's and Pacific Island countries.

**Dear Guests,**

Our relations with **Russia** are among the top priorities of our multi-dimensional foreign policy.

Russia is currently our second main trade partner with a total volume of 34,2 billion dollars.

We import two thirds of our natural gas and one tenth of our oil demand.

We are in the process of further cementing our cooperation in the field of energy with the construction of Akkuyu Nuclear Power Plant. With its



estimated cost of 22 billion dollars, Akkuyu is one of the biggest projects in our history.

Mutual investments have surpassed 10 billion dollars each, excluding Akkuyu NPP. The accumulated worth of the works realized by Turkish construction companies in Russia is estimated around 40 billion dollars.

We hosted over 3.6 million Russian tourists last year, staying as top destination for Russian tourists.

In light of this dynamic outlook, we decided to institutionalize the bilateral relations and established the High Level Cooperation Council in May 2010.

This Council, headed by our Prime Minister and the President of Russia, convenes once a year to overview the general course of the relations, and make the fine-tunings where needed.

The nature of our relations with Russia does not fall short of strategic one especially in terms of the dynamics in Eurasia.

**South Caucasus** constitutes one of strategic aspects of our foreign policy.

The region lies at the intersection of major energy and transport routes of Eurasia.

We are very much mindful of the fact that stability in this region is crucial for stability in Eurasia as a whole.

That is why our foreign policy is directed at changing the existing political landscape by putting into motion new dynamics favouring peace, dialogue and region-wide cooperation and ownership.

We are fully committed to develop good relations based on mutual respect with all our neighbours.

South Caucasus is home to three of the four protracted conflicts of the

OSCE area, namely Nagorno-Karabakh, Abkhazia and South Ossetia and Transnistria .

These protracted conflicts have undeniable negative impacts on regional security and stability. Moreover, these conflicts have also prevented the region from realizing its full potential of cooperation.

Turkey will continue to spend effort to contribute to the peaceful resolution of these conflicts on the basis of the territorial integrity of Azerbaijan, Georgia and Moldova in the years ahead.

It is clear that there is an urgent need for comprehensive and sustainable normalization in South Caucasus in order to build an atmosphere of peace, stability and prosperity.

In order to move beyond the status quo, we need to work on a new vision, a vision of partnership, prosperity and peace.

In this context, Turkey's proposal on the establishment of Caucasus Security and Stability Platform (CSCP) is worth mentioning.

Trilateral Ministerial Meetings Mechanism established between Turkey, Azerbaijan and Iran as well as between Turkey, Azerbaijan and Georgia is yet another regional cooperation scheme set into motion by Turkey to promote regional cooperation, which will certainly contribute to peace and stability.

Turkey has also developed massive regional cooperation projects with its partners so far such as Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline, Baku-Tbilisi-Erzurum (BTE) Natural Gas Pipeline, Baku-Tbilisi-Kars (BTK) railway project.

And now, Trans Anatolian Gas Pipeline is en route to realization.

We enjoy excellent bilateral relations with Azerbaijan and Georgia.

As a reflection of our interest in the full and comprehensive normalization in the region, we would also like to take our relations with Armenia forward pending the emergence of conducive political conditions.

Our economic relations with Azerbaijan and Georgia are also deepening.

Today, Turkey's trade volume with these countries is over 5 billion US Dollars. Mutual investments, on the other hand, have reached 16 billion US Dollars.

The total value of the construction projects undertaken by the Turkish companies is over 7 billion US Dollars.

We share common ethnic, cultural, historical and linguistic ties with the **Central Asian countries**. This affinity has served as a valuable foundation for the development of our bilateral relations.

We believe that secure, democratic and market economy oriented Central Asia will better serve the interests of the region as well as the world. With this in mind, we will continue to support them in becoming more stable, democratic and prosperous societies.

We work for increasing and diversifying the areas of cooperation with the Central Asian countries through various tools, including high level visits, effective use of existing mechanisms, such as joint economic commissions, transportation commissions and business councils.

In this regard, we upgraded our relations with some of them through strategic partnership agreements and High Level Strategic Cooperation Council mechanisms.

At the moment we have the High Level Strategic Council mechanisms with Azerbaijan, Kyrgyzstan and Kazakhstan and the Cooperation Council with Tajikistan.

We have also close partnership with Turkmenistan and promising cooperation with Mongolia in various areas.

Turkey offers Central Asia an important partnership in terms of economic and business ties. Turkey's trade volume with the Central Asian countries was around 7,3 billion USD in 2012 and the direct investment by the Turkish companies have reached 4,5 billion USD.



Furthermore, Turkish Cooperation and Coordination Agency (TİKA) has been very active in the region.

In this regard, it is also worth mentioning that the loans given to the Central Asian countries through Turkish Eximbank have reached the level of around 1,8 billion USD.

With more than 2000 registered Turkish companies and several thousand joint ventures with local partners, Turkey is one of the leading trade partners of the Central Asian countries.

To give an example, our construction companies have undertaken projects worth of around 50 billion USD in the region.

Another example of our fruitful cooperation is education. There are Turkish universities as well as many private and state schools across the region. In the last 21 years more than 100 thousands students have graduated from these schools and universities.

During the last 21 years, we have not only developed our bilateral relations with the countries of the region, but also we have created

multilateral platforms such as Turkic Council, Parliamentary Assembly of Turkic Speaking States (TURKPA), Joint Administration of Turkic Arts and Culture (TURKSOY) and Turkic Academy in Astana and Turkic Heritage Foundation in Baku.

Turkey will continue to hold the Chairmanship of the Conference on Interaction and Confidence Building Measures in Asia (CICA) for a renewed term until June 2014.

In parallel to our support for the integration of these countries with the Euro-Atlantic institutions, we support the development of OSCE values and broadening of its activities in Central Asia.

Therefore, Turkey played a leading role in encouraging active participation of those countries in OSCE.

As a Dialogue Partner of the Shanghai Cooperation Organization, Turkey will continue to work closely with its Central Asian and other member states.

### **Dear Participants,**

I want to conclude my speech with the Chinese philosopher Zhuangzi's words. He once said: "The wise man looks into space and does not regard the small as too little, nor the great as too big, for he knows that, there is no limit to dimensions."

No individual is too small to be part of Asia's success. And no aspiration is too big. Asia's dream belongs to all Asians.

As the region goes from success to success, I believe that Asia's leadership in the global economy will go from strength to strength. And, we, as Turkey, wish to be a leading partner of this process

Thank you.



