

Working Paper

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The Belt and Road Initiative and the Impacts on Turkey as a part of the Middle Corridor

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1. Introduction

China's President Xi Jinping announced the transnational project "The Belt and Road Initiative (BRI)" to the international community during his state visits to Kazakhstan and Indonesia in 2013.² The BRI is an ambitious and extensive infrastructure project of high-costs along the 'Silk Road Economic Belt' and the 'Maritime Silk Road'.

In 2015, the Chinese leadership presented this project in a document entitled "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" to the international public.³

The BRI project, which was named the most important action of the 21st century,⁴ aims to expand China's economic and political sphere around the world. The project covered almost 168 members and international organizations ((138-member states and 30 international organizations) in 2020. Most of these countries are less-developed, covering 65% of the world's population and a third of the world economy.⁵

According to Beijing's official statement, the Belt and Road Initiative is based on five areas of cooperation: (1) Increasing trade and investment in the BRI. (2) A free trade zone along the Silk Road. (3) Improving financial cooperation in the region for expansion of infrastructure. (4) Access to natural resources. (5) Strengthening transport infrastructure in the BRI corridors.⁶

The Belt and Road Initiative comprises three main actions: (1) The (land-based) Silk Road Economic Belt, which connects six development corridors (2) The maritime Silk Road of the 21st century (3) The Polar Silk Road, which refers to the Northern Sea Route (NSR).

² "Xi's statements on the Belt and Road Initiative", *China Daily* (online), 15 April 2017, https://www.china-daily.com.cn/china/2017-04/15/content_28940829.htm

³ National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, *Vision and Actions on Together Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road* (Peking, 28 March 2015), <http://www.china.org.cn/china/Off_the_Wire/2015-03/28/content_35182638.htm> (accessed 2 February 2022).

⁴ "Swiss president: The BRI is the most important investment project of the century", World Insight with Tian Wei (TV Show), *CGTN*, 26 April 2019, <<https://news.cgtn.com/news/3d3d414f30636a4d34457a6333566d54/index.html>>.

⁵ Following the publication of the BRI project in 2015, 74 countries and international organizations officially supported the BRI for the first time and signed two multi-faceted agreements with China. In the following years, the number of members participating in the BRI increased to 151 (122 countries and 29 international organizations) in 2018 and the total number of member states rose to 168 (138-member states and 30 international organizations) in 2020. Among them, 11 countries of the Central and Eastern European Union and 6 other EU countries have signed agreements with the BRI. See Directorate-General for External Policies, Policy Department, *EU-China trade and investment relations in challenging times*, Study (Brussels, May 2020): 41 [https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU\(2020\)603492](https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU(2020)603492) (accessed 2 February 2022).

⁶ OECD, *China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape*, OECD Business and Finance Outlook, 2018: 10, <<https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>>

The Silk Road Economic Belt is a long-term vision for the infrastructural development, connectivity and economic cooperation of Eurasia and comprises six development corridors.⁷

The 21st Century Maritime Silk Road connects China to Southeast Asia, Indonesia, India, the Arabian Peninsula, Somalia, Egypt and Europe, encompassing the South China Sea, Strait of Malacca, Indian Ocean, Gulf of Bengal, Arabian Sea, Persian Gulf, the Red Sea and Mediterranean Sea. Total costs of the BRI project are estimated around USD 4 to 8 trillion.⁸

In the period between 2013 and 2019, Chinese companies signed contracts with the BRI countries worth around USD 451 billion to carry out joint construction projects.⁹ It is expected that the volume of total investments will be financed through bonds, private capital investment and public-private partnerships (PPP) but also state-owned enterprises (SOE).¹⁰

⁷ 1 New Eurasian Land Bridge Economic Corridor (NELBEC); 2. China-Mongolia-Russia Economic Corridor (CMREC); 3. China – Central Asia – West Asian Economic Corridor (CCWAEC); 4. China – Indochina Peninsula Economic Corridor (CICPEC); 5. Bangladesh– China – India – Myanmar Economic Corridor (BCIMEC); 6. China – Pakistan Economic Corridor (CPEC). For more information, see “Belt and Road Initiative”, *BRI Belt and Road Initiative*, <<https://www.beltroad-initiative.com/belt-and-road/>> (accessed 9 February 2022).

⁸ Ibid. See also Peter Wolff, *China's 'Belt and Road' Initiative – Challenges and Opportunities* (Bonn: German Development Institute [DIE], 2016), <https://www.die-gdi.de/uploads/media/Belt_and_Road_V1.pdf>. “The Asian Development Bank estimates the need for USD 8 trillion in infrastructure spending in Asia between 2010 -2020.” (Ibid. p.2).

⁹ “Only in 2014 and 2019 did more than 50% of Chinese investment abroad go to BRI countries. In total, China invested about USD 279 billion in the BRI countries between 2013 and 2019, mainly in sectors including energy, metals, transportation and real estate”. See Directorate-General for External Policies, *EU-China trade and investment relations in challenging times*, 41-42 [as in Fn. 5].

¹⁰ The financial resources of the BRI will be: 1. Policy Banks: Agricultural Development Bank of China (ADBC), China Development Bank (CDB), and Export-Import Bank of China (CHEXIM). 2. State Owned Banks: Agricultural Bank of China (ABC), Bank of China (BOC), China Construction Bank (CCB), Industrial and Commercial Bank of China (ICBC). 3. State Owned Funds (selection), China Investment Corporation (CIC), Silk Road Fund (SRF). 4. International Financing Institutions (selection), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB). See „Belt and Road Initiative“, *BRI* [as in Fn 7].

2. Economic Corridors from China to Europe

Within the BRI project, there are three important corridors connecting China to Europe: (1) The North Corridor, (2) the South Corridor and (3) the Middle Corridor.¹¹

The first route is the New Eurasian Land Bridge Economic Corridor (NELBEC), involving rail to Europe via Kazakhstan, Russia, Belarus, and Poland and connecting the Chinese, Mongolian, Russian Economic Corridor.¹²

The second route is named China – Central Asia – West Asia Economic Corridor (CCWAEC) or Chinese, Central Asian, West Asian Economic Corridor: linking to Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran and Turkey.¹³ China's overland Silk Road is also called Southern Corridor or "the Silk Road Economic Belt (SREB)".¹⁴

Along the way to Europe, Iran is an area of conflict between the United States (US) and China. China's Iran policy draws special attention to the geopolitical rivalry between Beijing and Washington,¹⁵ because the US defines this part of the region as its own security area. Traditionally the priority for China has been its economic interests, rather than security matters. This shows that the Chinese government is aware of its limited political capabilities. The decision-makers in Beijing recognize its dependency on the United States regarding the security of their oil transports from the Middle East to China. For that reason, China will avoid any military conflict with the United States.¹⁶ Therefore, for the time being, the establishment of the Southern Corridor seems to become crucial and it will be kept untouched for a while.

¹¹ The Middle Corridor was originally called the Trans-Caspian International Transport Route, which starts from Southeast Asia and China and passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and via Turkey to European countries.

¹² "Belt and Road Initiative", *BRI Belt and Road Initiative* [as in Fn. 7].

¹³ Ibid.

¹⁴ Selçuk Çolakoğlu, *China's Belt and Road Initiative and Turkey's Middle Corridor: A Question of Compatibility* (Washington, D.C.: Middle East Institute [MEI], 29 January 2019), <<https://www.mei.edu/publications/chinas-belt-and-road-initiative-and-turkeys-middle-corridor-question-compatibility>>.

¹⁵ Angela Stanzel, *Chinas Weg zur Geopolitik. Fallstudie zur chinesischen Iran-Politik an der Schnittstelle zwischen regionalen Interessen und globaler Machtrivalität*, SWP-Studie 26/2021 (Berlin: Stiftung Wissenschaft und Politik [SWP], December 2021, p. 5, doi:10.18449/2021S26).

¹⁶ Bahri Yılmaz, *Why Has China Succeeded*, Working Paper (Istanbul: Istanbul Policy Center [IPC], July 2018), p. 7, <<https://ipc.sabanciuniv.edu/Content/Images/CKeditorImages/20200310-14032708.pdf>>.

Map 1: Middle Corridor¹⁷



The third Route is called “Middle Corridor” which contains the Trans-Caspian International Transport Route starts from Southeast Asia and China, through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and Turkey and further to European countries. It can be considered as an alternative route to “Southern Corridor”.

¹⁷ Source: “Route”, *Middle Corridor Trans-Caspian International Transport Route*, <<https://middlecorridor.com/en/route>> (accessed 9 February 2022).

3. Turkey as a Part of the BRI Middle Corridor

China and Turkey signed the "Memorandum of Understanding on Aligning the Belt and Road Initiative and the Middle Corridor Initiative" during the G-20 summit in Antalya-Turkey in November 2015.¹⁸

Turkey's land connection with the BRI consists of two parts: firstly, the Baku-Tbilisi-Kars Corridor (BTK) is part of the Middle Corridor Project connecting Europe and Asia. The second part of the Middle Corridor was to be built from the eastern border (Georgia) to the western border (Bulgaria), connecting Kars and Edirne throughout a high-speed railway. So far, the two partners were not able to reach a final agreement on the construction of the high-speed railway yet.¹⁹

The Baku-Tbilisi-Kars Railway Line (BTK) is a railway link that connects Kars in Turkey, Tbilisi in Georgia and Baku in Azerbaijan. The BTK Railway connects Turkey's Silk Road Corridor to Central Asia.²⁰ Built without financial funds from China²¹, the BTK was inaugurated on 30 October 2017, securing the rail link between Asia and Europe. It is the shortest route between the three countries as well as between Asia and Europe. Hence, the supply of goods via this railway helps to reduce transport time.²²

¹⁸ In addition, a Memorandum of Understanding was signed to establish a sister-port relationship between the ports of Baku, Aktau and Samsun. "The "Turkey-Georgia-Azerbaijan-Turkmenistan-Afghanistan Transit Corridor Agreement", also known as the "Lapis Lazuli Agreement", is important for landlocked Afghanistan to have a route to the Black Sea/Mediterranean." See Ministry of Foreign Affairs Republic of Türkiye, "Turkey's Multilateral Transportation Policy", <https://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa> (accessed 9 February 2022).

¹⁹ As part of the BRI, the Trans-Caspian China Railway Express Chang'an Train, the first freight train to reach Turkey (on 6 November 2019 in Ankara), completed its journey from Xi'an, China, to Prague, Czech Republic, in 18 days with the Middle Corridor and Turkish transport infrastructure, including the BTK Railway and the Marmaray. See Ministry of Foreign Affairs, "Turkey's Multilateral Transportation Policy" [as in Fn. 18].

²⁰ Jean Bastian, *Expeditionary Capital in the Eastern Mediterranean: Why Turkey Matters to China and Vice Versa*, Berlin: Stiftung Wissenschaft und Politik, October 2021 (Centre for Applied Turkey Studies [CATS]), WP 04: 7, doi: 10.18449/2021WP09. "The overland rail journey between China and Europe takes 15 days, a significant reduction in transport duration via sea freight (up to 45 days) and far more cost efficient than air travel." (p. 7).

²¹ The 504-kilometer part of the Baku-Tbilisi-Kars railway, which has a total length of about 850 kilometres, passes through Azerbaijan, while 263 kilometres run through Georgia, and 79 kilometres – through the territory of Turkey. See Reza Yeganehshakib, *The Baku-Tbilisi-Kars Railroad: Peace & Prosperity Through The Revival Of The Silk Roads*, *Silk Road Briefing*, 15 April 2019, <<https://www.silkroadbriefing.com/news/2019/04/15/baku-tbilisi-kars-railroad-peace-prosperity-revival-silk-roads/>>: "After the Bank for Reconstruction and Development, the World Bank, and the Asian Development Bank withdrew from the project, pointing to a pre-existing route that crosses through Armenia (and the U.S. pulled out due to Armenian lobby efforts), help finally came from Baku. The Sovereign Oil Fund of the Republic of Azerbaijan (SOFAZ) provided two loans totaling \$775 million to Georgia to finish construction of the remaining 178-km portion of the railway system. The Azerbaijan investment has already paid a dividend."

²² The BTK railroad facilitates the access to Central Asian countries – Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Afghanistan to Europe and other markets. See "China Connects Rail to Europe without Russia as BTK Route Runs South via Caucasus and Turkey", *Silk Road Briefing*, 1 February 2018,

<<https://www.silkroadbriefing.com/news/2018/02/01/china-connects-rail-europe-without-russia-btk-route-runs-south-via-caucasus-turkey/>>.

4. Turkey's Trade Relations with Central Asia

Ankara's fundamental goals in signing an agreement with China were to expand markets and create investment opportunities, as well as to provide a significant contribution to Turkey's economic development. In the meantime, the Turkish government wants to expand its economic, political and cultural relations to the five Turkic Republics in the Caucasus and Central Asia; namely Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and neighboring country Georgia to bind them together under its leadership. Ankara describes the framework: "Turkey supports the Belt and Road Initiative (BRI) on the basis of the win-win principle."²³

Turkey's trade relations with the "Turkic Republics" (TRs) are at a low level. The share of exports to the Turkic Republic in the period 2018-2021 was barely 3%. During the same period, imports from TRs countries amount to only 1.6%.²⁴ Of those, Turkey's exports to Azerbaijan, Kazakhstan, Uzbekistan and Georgia have relatively higher shares than others do. Central Asia accounts for around one percent of China's total imports and exports. On the other side of the coin: according to the official statistics of each country in 2019, China is the largest trading partner of Kyrgyzstan and Uzbekistan by imports and is Turkmenistan's largest trading partner by exports. China also ranks high as a point of destination for the imports and exports of other Central Asian countries.²⁵

²³ Ministry of Foreign Affairs, "Turkey's Multilateral Transportation Policy" [as in Fn. 18].

²⁴ Turkish Statistical Institute, "Foreign Trade Statistics, December 2020", Press release (29 January 2021), <<https://data.tuik.gov.tr/Bulten/Index?p=Foreign-Trade-Statistics-December-2020-37412&dil=2>>.

²⁵ "China and Central Asia: Bilateral Trade Relationships and Future Outlook", *China Briefing*, 20 May 2021, <<https://www.china-briefing.com/news/china-and-central-asia-bilateral-trade-relationships-and-future-outlook/>>.

5. China's Maritime Connection with Mediterranean Countries and Turkey

In recent years, China has increased its interest in ports located in the Mediterranean region, including in Turkey, Israel, Egypt and Greece, and expanded its investments in ports on the sea routes to Europe.²⁶ These investments aim to connect the BRI to the sea; thus, to reach Europe from the Mediterranean ports by sea and rail.

Chinese maritime port infrastructure investments have been realised by the Chinese state-owned enterprise "China Ocean Shipping Company (COSCO)". In the period of 2007-2021, the ports that have been built by COSCO in the Eastern part of the Mediterranean region are in Egypt (2007), Greece (2009, 2016, 2021), Turkey (2015) or were constructed (Israel 2015) and modernised (Bulgaria 2018) by China.²⁷

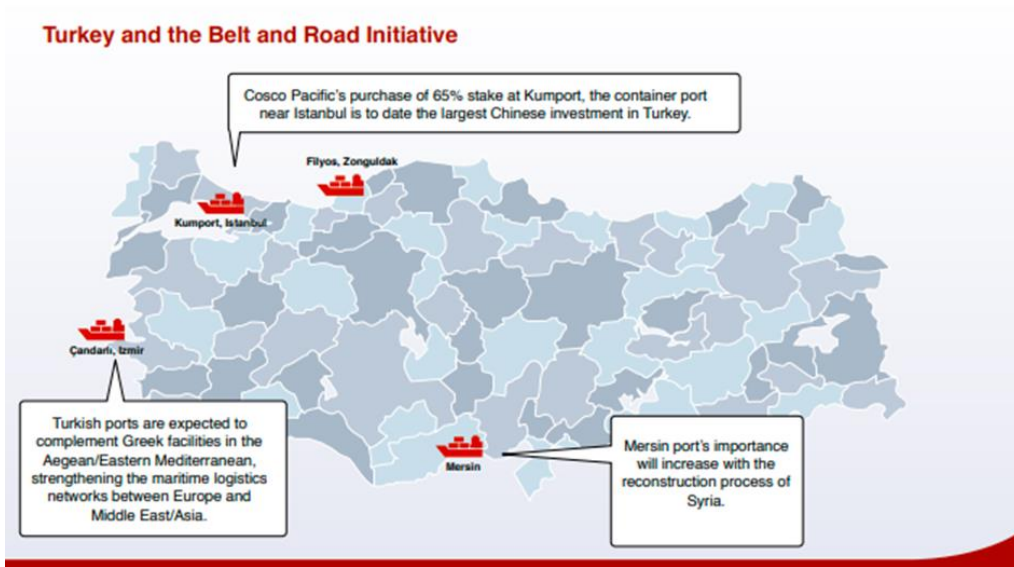
Interestingly, besides Kumport Anbarlı, the Turkish Ministry of Foreign Affairs mentioned three ports under construction in Filyos (Black Sea), Çandarlı (İzmir, Aegean Sea) and Mersin (Mediterranean Sea) as major national projects that connect the Middle Corridor route as well²⁸ (See map 2).

²⁶ See Bastian, *Expeditionary Capital*, p. 7 [as in Fn. 20].

²⁷ See *ibid.*, Table 1, p. 6. Further Chinese investments were made in ports across Western Europe, namely in Belgium (2014, 2017), Germany (2016, 2020), the Netherlands (2016) and Spain (2017). *Ibid.*

²⁸ Selçuk Çolakoğlu, "The Sino-Turkish Relationship", in *China in the Broader Black Sea Region*, ed. Alexandra Martin (Brussels, March 2021), 18-26: "The port of Mersin might play a role for shipment of cargos from the SREB to the North African countries (Egypt, Tunisia, Libya, Algeria, and Morocco). The Port of Çandarlı / İzmir may be used to send cargos to the Euro-Med countries (Greece, Italy, France, Spain, Albania, Montenegro, Croatia, and Slovenia). The Port of Filyos / Zonguldak might be considered as logistics hubs to deliver cargos from China to the Broader Black Sea region (Ukraine, Bulgaria, Romania, Moldova, and others)." (p.22)

Map 2: Turkey and the Belt and Road Initiative²⁹



²⁹ Source: Altay Atlı "China's Rise: Challenges and Opportunities", Sabancı University and Konrad Adenauer Stiftung Turkey, 30 March 2021 (Power Point Presentation); see also Ministry of Foreign Affairs Republic of Türkiye, "Türkiye-People's Republic of China Economic and Trade Relations", <https://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-china.en.mfa>.

6. Digital Silk Road

During the 1990s expansion of digitization, multinational US companies were playing a dominant role in many key technologies of digitalization. Many countries and companies outside the US were heavily dependent on US digital firms. China sees technological superiority as a prerequisite for economic and military strength and thus for their role in world politics as well. China is currently trying to become independent from US digital key technologies – the next step is to spread its own technology worldwide. This strategy can only be successful by creating its own technological worldwide sphere.

As is commonly known, China changed its industrial and export strategy in 2012, evolving from low-cost and labor-intensive products to high-tech industries called “Made in China 2025”. The new strategy aims to catch up with the US in the technological race and, secondly, aims to become the leading player in key technologies by 2025, further a technologically dominant power by 2045. China focuses on modern information/digital technologies such as big data, artificial intelligence, robotics and smart manufacturing. The first successes of this strategy can be seen in the growing global importance of Chinese companies in the field of social networks and cloud services as well as in network technology.³⁰

Chinese Ambassador Liu Shaobin said to Turkey that “China's digital economy reached 39.2 trillion Yuan (about 6.2 trillion U.S. dollars) in 2020, accounting for 38.6 percent of its gross domestic product, becoming a key driving force for stable economic growth with a rapid growth rate of 9.7 percent”³¹.

In addition to large-scale infrastructure investments along the “Silk Road Economic Belt” and the “Maritime Silk Road”, China wants to build a “Digital Silk Road” with BRI countries by exporting modern information/digital technologies to the BRI countries. According to the Mercator Institute for China Studies (Merics), between 2013 and 2019 China invested more than USD 17 billion in BRI projects related to the Digital Silk Road.³² According to Zhou Yangquan, leader of the Chamber of Commerce for Chinese Enterprises in Turkey, there are more than 30 Chinese digital companies with investments or partnerships in Turkey's market.³³

The Chinese tech giant Huawei's research and development center in Istanbul is its largest overseas. Huawei has been involved in exporting advanced public security and surveillance technology platforms as well as supplying sophisticated digital technology to Turkish authorities at municipal level. In the sector of digital trade (e-commerce), the company Ali Baba has been already involved in the Turkish market.

³⁰ Matthias Schulze and Daniel Voelsen, „Einflussosphären der Digitalisierung“, in: *Strategische Rivalität zwischen USA und China*, ed. Barbara Lippert and Volker Perthes, SWP-Studie 1/2020 (Berlin: Stiftung Wissenschaft und Politik [SWP]), p. 33, doi:10.18449/2020S01.

³¹ “Roundup: Turkey, China look to boost cooperation in digital technologies”, *China.org.cn*, 13 November 2021, <http://www.china.org.cn/world/Off_the_Wire/2021-11/13/content_77870496.htm>.

³² Thomas S. Eder and Rebecca Arcesati, “Networking the ‘Belt and Road’ – The Future is Digital”, *Mercator Institute for China Studies* (online), 28 August 2019, <<https://www.merics.org/de/bri-tracker/networking-the-belt-and-road>>.

³³ “Roundup”, *China.org.cn* [as in Fn. 31].

The ZTE Corporation, a Chinese telecommunications company, has become a shareholder of Turkish system integration provider Netas. A ZTE marketing manager of wireless products said that his company would help mobile operators introducing 5G technology in Turkey within two years.³⁴

Several Chinese mobile phone manufacturers, such as Xiaomi, OPPO, Vivo, and Tecno, have recently established production facilities in Istanbul as well.³⁵

It is a fact that Turkey is not able to create its own digital technologies. Therefore, it depends on the import of technologies from the US and China. At this point Turkey has two options: Firstly, it can join either China or the US, so it can fully rely on the technologies of one of these two spheres of influence. However, this would increase dependence in one direction. Secondly, Turkey can make strategic use of different technologies from both countries and possibly reduce its one-sided dependency on the transfer of technologies. Anyway, Turkey should pay more attention to its unilateral dependency in its relationship with Chinese companies and work on the ability to control their activities within the country in terms of its own national security.

Another important security concern is the implementation of China's Social Credit System (SCS) by other BRI countries. In democratic countries, there are great concerns that the expansion of the system in developed countries will be used by the state to control the freedom of individuals and companies.³⁶

³⁴ Ibid.

³⁵ Ibid.

³⁶ For more information on the Social Credit System and cybersecurity see Directorate-General for External Policies, *EU-China trade and investment relations in challenging times*, Chapter 10 Social credit system and cybersecurity, 58-64 [as in Fn. 5]. "The SCS with its general framework and its implementation plan is developed to address all economic agents in China, including individuals, firms and organisations." Ibid, 58 Fn. 35.

7. Conclusion

7.1. What are the trade benefits of the BRI for the EU and Turkey?

A comprehensive study was carried out by a group of Chinese experts on behalf of the EU Commission, which was published in 2020.³⁷ By reducing time as well as transportation costs, the study assumed that the improved transport infrastructure should promote overseas trade and will boost trade between EU Member States and BRI countries.

The results of the study suggested that from a trade perspective the reduction in transport time and trade cost brought by the BRI is a crucial element for the EU. According to the results, exports to China as well as EU imports from China will increase. Overall, results point to the gains of the EU and Asia, which clearly outweigh the losses of the rest of the world. A new and improved infrastructure could increase the EU's trade with China and other East Asian countries by around 8.3%. Intra-European trade as well as trade with Central Asia could increase by 3.2%, and trade with the Middle East and North Africa and South Asia could increase by 1.2 % and 2.7 % respectively.³⁸

7.2. Trade effects by economic sectors

In terms of EU exports to China, the largest gains can be expected in machinery and equipment, motor vehicles, computers and electronics.³⁹

Following BRI related improvements in infrastructure, EU exports to China could grow by around EUR 26.4 billion overall.⁴⁰ Similarly, EU imports can be expected to increase significantly in some sectors: computers and electronics, electrical equipment and machinery. Total imports could increase by EUR 52.7 billion or 13.3 %.⁴¹

Now to the next question that we have to take into account: What would be the economic benefits of Turkey's accession to the BRI? The answer of this critical question first and foremost depends on the decision of the policy makers in Ankara. Will Turkey be a "transport hub" between West and East, or a "logistical hub" for traders at the BRI? In other words: Will Turkey accept its intermediate position, assuming the role of transporting goods and services between the BRI member countries from Asia to Europe and vice versa? Even if so, Turkey needs to build a functioning and efficient global supply chain management system, in order to become a successful transport hub.⁴²

³⁷ Directorate-General for External Policies, EU-China trade and investment relations in challenging times, 40 [as in Fn. 6].

³⁸ Ibid., 49.

³⁹ Ibid., 50.

⁴⁰ Ibid., 50.

⁴¹ Ibid., 51.

⁴² Supply chain management is defined by Prof. Dr. Kai-Ingo Voigt as the establishment and management of integrated logistics chains (material and information flows) throughout the entire value creation process, starting with the extraction of raw materials and ending with the end consumer. Kai-Ingo Voigt, "Supply Chain Management", *Gabler Wirtschaftslexikon* (online), <<https://wirtschaftslexikon.gabler.de/definition/supply-chain-management-scm-49361>>.

Another option would be reshoring, namely relocating production and services to a place where production costs at the BRI route are lower than in Europe and China. What once was relocated abroad for financial reasons is now being replaced in the costly most favoured countries. In general, it would be beneficial and make a great contribution, especially to the Turkish economy.

If Turkey wants to be upgraded as the “center of industrial and transnational hub” in trade and production within the BRI, it should implement fundamental reforms in political and economic life. Firstly, establishing a well- functioning infrastructural system, a worldwide integrated and perfectly operating system of finance and banking, a long-term political and economic stability, fundamental freedoms, the rule of law, as well as an effective multilateral system based on principles of openness, transparency and accountability. In order to produce advanced technological goods, Turkey must introduce a radical and large-scale educational reform to first create a high level of human capital, excellent educational institutions and well-equipped research centers.⁴³

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⁴³ For a more detailed analysis of the Turkish Economy see Bahri Yılmaz, *Turkish Economy: Where does this Road Lead?* Country Report (Ankara: Konrad-Adenauer-Stiftung, 12 Februar 2014), p. 3, <<https://www.kas.de/en/web/tuerkei/laenderberichte/detail/-/content/in-welche-richtung-entwickelt-sich-die-tuerkische-wirtschaft->>.