

**THE ROLE OF ECONOMIC FACTORS IN THE
TRANSFORMATION OF TURKISH FOREIGN POLICY**

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ABSTRACT

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Turkey's foreign policy has changed significantly in the past decade. Through a policy that is both proactive and independent, Turkey has become a key player in its region and made itself visible in the international arena. This transformation in Turkey's foreign policy has drawn the attention of academics and they have explained the question of "What drives Turkish Foreign Policy?" through different analytical prisms, such as security, identity or the phenomenon known as Europeanization. However, the role that economic factors play in shaping Turkish foreign policy remains relatively under-researched. This dissertation proposes to contribute to the existing literature by analysing the economic drivers of the Turkish foreign policy transformation during the AK Party's first decade in power (2002-2013). The analysis takes into account the latest available economic data and foreign policy developments, and uses as its theoretical framework complex interdependence theory along with Robert Putnam's idea of "two-level diplomatic games". The analysis here focuses on exploring the influence of businessmen in driving Turkish foreign policy and the role of Turkey's growing foreign economic links.

This study argues that the Turkish business community has been a significant driver and supporter of Turkey's new foreign policy, which aims at furthering Turkey's political and economic integration with its neighbourhood. To this end, trade and investment have emerged as Turkey's key foreign policy instruments. The growing economic links of Turkey, as a result of this foreign policy, have further affected Turkey's foreign relations by creating new channels for dialogue and new economic interests between Turkish and other societies. Consequently, the primacy of economics has arisen within Turkey's foreign policy and economic factors have significantly affected Turkish foreign policy over the last ten years.

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CHAPTER 1: INTRODUCTION

During the Cold War, under the influence of the dynamics and constraints of the bipolar international system, Turkey's relations with the countries in its neighbourhood were, to some extent, limited and problematic. Turkey, which was perceived as the representative of Western interests by the majority of its neighbouring countries, was not able to follow a proactive and substantive foreign policy. In the 1990s, although the dissolution of the Soviet Union and the collapse of the bipolar international system presented significant opportunities for Turkey to improve its ties with its neighbouring countries, Turkey continued to view its neighbourhood through the lens of national security as its relations with Syria, Iraq, Iran, Greece, Cyprus and Armenia remained challenging (Kirişçi 2011).

While Turkish foreign policy began to change by the late 1990s as a consequence of rapprochement efforts, first with Greece and then with Syria, a palpable breakthrough came only after the election victory of the Justice and Development Party (Adalet ve Kalkınma Partisi, abbreviated here to the AK Party) in 2002. The implementation of a “zero problems policy with neighbours” —associated with the current Minister of Foreign Affairs, Mr. Ahmet Davutoğlu—served as a milestone in Turkey's diplomatic history. The country initiated a proactive and more independent foreign policy in its neighbouring regions and beyond, especially in Eurasia and Africa, and increased its influence in these regions. In addition, Turkey spearheaded various efforts towards encouraging greater economic integration between Turkey and neighbouring regions in order to promote a stable and prosperous region. As a result, Turkey has increasingly relied on trade and investment as its foreign policy vehicles. Turkish involvement in regional issues ranging from mediation efforts

between Syria and Israel, between Sunnis and Shi'a in Iraq, between Afghanistan and Pakistan, between Bosnia and Serbia between Iran and the West and taking bold steps to resolve the longstanding and deep conflicts with Cyprus and Armenia are some of the examples of this new proactive foreign policy. During this period, Turkey improved its relations with Syria, Iraq and Iran and became more active in its dealings with Russia and China. Even though some of these efforts failed, they ultimately managed to raise the profile of Turkey within the arena of international politics. The positive outcome of this proactive foreign policy can best be observed by the following: Turkey was elected to the UN Security Council as a non-permanent member by receiving 151 votes (three-quarters of existing members) in 2008 (NTVMSNBC 2008).

During this transformation in Turkish foreign policy, Turkey's relations with Arab countries also improved and the economic and political importance of the Middle East and North Africa (MENA) increased for Turkey. Therefore, the Arab Spring, which started in December 2010, also significantly affected Turkish foreign policy towards the region and the "zero problems policy with neighbours" was reconsidered in accordance with the new political realities in the region. During the ongoing Arab political transformation, Turkish foreign policy activism in the MENA region has intensified to meet the opportunities and challenges of the Arab Spring, and according to many prominent personalities from politics and academia—such as the political leaders of the Muslim Brotherhood in Egypt, Rashid al-Ganouchi from Tunisia, and Tariq Ramadan—Turkey's importance and influence in the region has increased (Kirişçi 2011). For example, after the revolution in Tunisia, the new Tunisian foreign

minister Rafik Abdessalem chose Turkey for his first official visit, highlighting in Ankara the importance of Turkey as a model for the Arab world (Internethaber 2012).

This transformation of Turkish foreign policy has attracted widespread academic interest and Turkey's foreign policy shift has been analysed from different perspectives of which three come into prominence as main conceptual approaches. The first approach to explain this transformation can be labelled as "security-based explanation". According to this, the dissolution of the Soviet Union and the end of the bipolar system led to a power shift and a power vacuum in Turkey's neighbouring regions. The United States' loss of credibility and appeal as a hegemonic power after the Iraq invasion enhanced this power vacuum in Turkey's neighbourhood (Zogby 2007). Consequently, as a power-seeking actor in the realist sense, Turkey has adopted a proactive and multidimensional foreign policy to fill the ensuing power vacuum in its region. In other words, Turkey has adapted itself to this new and changing security situation and has sought influence over its borders in the last decade (Çandar 2009).

The second approach, which is influenced by constructivism in international politics, analyses the transformation in Turkish foreign policy using an "identity-based explanation". This approach concentrates on the identity clashes and struggles amongst different ideological forces within Turkish society and attempts to explain how the state redefines its own identity internally and externally as a result of successive AK Party election victories. According to this approach, the Islamist roots of the AK Party have encouraged it to develop a closer foreign policy towards Muslim countries, especially to the Middle Eastern states, one based on "Islamic solidarity". Turkey has also been less obsessed in emphasizing its Western identity when conducting its foreign policy (Gülseven 2010).

The third main approach explains the transformation of Turkish foreign policy in line with the “Europeanization” of the country and puts the emphasis on the impact of relations with the European Union (EU) on Turkey’s domestic and foreign policy. According to this approach, Turkey’s political and economic reforms made to fulfil the EU’s accession criteria, led to the strengthening of new players in Turkish domestic politics, such as the AK Party, at the expense of the upholders of the status quo, namely the secular bureaucratic elite. This shift in the power balance of domestic politics also affected Turkish foreign policy, allowing the AK Party to develop a new approach to engaging with MENA (Baç 2011).

The transformation in Turkish foreign policy evidently stems from many different causes; it therefore requires multi-casual explanations that are by no means mutually exclusive. Accordingly, these three approaches provide a good perspective to enable international relations students to understand the transformation in Turkish foreign policy over the past decade. However, they do not have sufficient explanatory power in themselves to pinpoint all relevant dimensions of this transformation; most importantly, they largely exclude the economic factors behind this shift.

Throughout the last decade, the Turkish economy has undergone significant structural changes, making it the world’s 18th largest economy. Despite the fact that Turkey was adversely affected by the global financial crisis in 2008 and 2009, the country experienced annual average Gross Domestic Product (GDP) growth of 5.4% between 2002 and 2011. GDP per capita reached 10,444 US dollars in 2011, from the modest figure of 2,000 US dollars recorded in the early 2000s. The volume of trade has increased constantly, from 87 billion US dollars in 2002 to 389 billion US dollars in 2012. Moreover, the budget deficit shrunk from 14.6% (2002) to 2.6% (2011) of

GDP, and the public debt decreased from 74% (2002) to 36.1% (2012) of GDP. Although Foreign Direct Investment (FDI) inflow to Turkey was about 1 billion US dollars per annum during the period of 1993-2002, Turkey managed to attract FDIs worth 120 billion US dollars between 2002 and 2012.¹ Moreover, Turkish businessmen and Turkish companies, such as Koç Holding, Şişe Cam and TAV, have invested significant capital outside the country over the last decade. Consequently, the Turkish economy is currently ranked as among the most dynamic economies in the world.

According to an increasing number of academics, this economic transition, which has significantly affected Turkey in many aspects, is one of the main drivers behind Turkish foreign policy transformation. Kemal Kirişçi (2009) explains the new activism in Turkish foreign policy as the result of the rise of the trading state seeking markets and economic resources; Kirişçi employs Robert Putnam's idea of "two-level diplomatic games" to indicate the influence of economic considerations on the transformation of Turkish foreign policy. Mustafa Kutlay (2011) examines the influence of the transformation of Turkish industrial and financial capital on its foreign policy by using functionalist and interdependence theories; he argues that cooperation in economic issues or in low politics is used by the government to solve disputes in high politics. Altay Atlı (2011) investigates the role of business associations in Turkey's foreign policy and claims that such associations have emerged as new actors in the foreign policy-making process. Kadri Kaan Renda (2011) argues that the new economy-oriented activism of Turkish foreign policy displays the general features of Robert O. Keohane and Joseph S. Nye's complex interdependence theory and paves

¹ Source: The Ministry of Economy, www.ekonomi.gov.tr/files/Ekonomik_Gorunum.ppt, 20.5.2013.

the way for international cooperation among Turkey's neighbours. Shanin Vallee (2010) claims that the rise of a new business elite and the increasing importance of international creditors have begun to affect Turkey's foreign policy decisions. Meanwhile, Şevket Pamuk (2011) claims that macroeconomic stability and the significant decrease in public debt have reduced Turkey's dependence on international financial institutions, such as the International Monetary Fund (IMF), and have contributed to its more autonomous foreign policy.

However, despite this growing interest in the role of economic factors in the transformation of Turkish foreign policy, this area still remains under-researched; there is room for new studies to specify the role of economic factors in a more comprehensive way. This study contributes to the existing literature by analysing the effects of the rising influence of the Turkish business community on the foreign policy-making process and Turkey's strengthening economic links (trade and investment) on its foreign policy in light of the most recent data and the latest foreign policy developments. The scope of this dissertation is limited to the study of the influence of these economic factors on Turkish foreign policy during the period of the AK Party government between 2002 and 2013. This dissertation analyses the role of economic factors in the transformation of Turkish foreign policy from a relatively broad perspective, rather than focusing on one specific economic factor, as distinct from most of the previous works in this field. Furthermore, light will be shed on business-state relations in Turkey, in terms of the transformation of the country's foreign policy-making process through the use of unpublished official primary sources; the results of this study will not only contribute to the existing literature, but also help

to better clarify the relations and interactions between economic factors and foreign policy-making in general.

I have conducted an exhaustive survey of the primary literature, including published and non-published material in both English and Turkish. In this regard, I have carried out a systematic consultation of the official documents of the Turkish Ministry of Foreign Affairs and the Ministry of Economy and other governmental and semi-governmental institutions, such as the Turkish Exporters Assembly (TİM). I have also drawn on other published secondary literature. This consists mainly of journal articles and online resources that investigate the influence of economic factors on Turkish foreign policy. In addition, as a Turkish diplomat and a former Assistant Foreign Trade Expert who worked for three years in the Undersecretariat for Foreign Trade (currently the Ministry of Economy) in Turkey, I have been able to make use of my first-hand knowledge, experience and observations as well.

This study argues that during the AK Party government period, the Turkish business community, particularly the rising bourgeoisie of Anatolia, has been one of the main drivers and supporters of Turkey's new foreign policy activism, which has aimed to further Turkey's political and economic integration with its neighbourhood. In this regard, Turkey has increasingly used trade and investment as foreign policy instruments with the active participation and support of the business community. Turkey's increasing economic links have further affected Turkish foreign policy by creating new channels for dialogue and new economic interests between Turkish and other societies, thus changing these societies' perceptions of Turkey. As a result of said developments, the primacy of economics has arisen within Turkey's foreign policy and

economic factors have significantly affected Turkish foreign policy over the last ten years.

To evaluate the arguments of this study, the second chapter discusses the establishment of the main business groups affecting the AK Party government policies and their increasing role in foreign policy-making. In the third chapter, I investigate the growing economic links of Turkey and their impact on Turkey's foreign policy together with its institutions. This chapter also gives a brief overview of the AK Party government's vision for foreign policy. The fourth chapter explores the foreign policy implications and practices of the AK Party government stemming from the interests of the Turkish business community and Turkey's developing economic links abroad. The dissertation concludes by highlighting the findings of this dissertation to explain the role of economic factors in the Turkish foreign policy transformation during the last decade.

1.1 Theoretical Framework

The reasons for the transformation in Turkish foreign policy are multi-casual and explaining the economic factors behind it can only serve as a portion of the entire picture. Moreover, thoroughly capturing the relationship between the economic transition and foreign policy transformation in the last decade would be an ambitious goal given the limits on this dissertation. This paper merely aims to elucidate the rising influence of businessmen and Turkey's increasing economic links abroad on Turkish foreign policy activism in the last decade. In doing so, this paper uses complex interdependence theory and Putnam's idea of "two level diplomatic games" in order to

demonstrate the relationship between these economic factors and the Turkish foreign policy transformation.

Within the changing political context of the 1970s, especially the oil embargo of 1973, Keohane and Nye (1977) challenged the security-based realist understanding of interstate relations and realist assumptions of the fungibility of power. They argue that increasing economic and social linkages, as well as increasing communication, among different societies had a deep impact on the international system and ended the monopoly of states over it. As representatives of the neoliberal school of international relations, although they accept the anarchic nature of the international system and the importance of states as the main actors in it, they claim that states are by no means the sole actors in modern international relations. Non-state actors such as business groups, multinational corporations, international organizations, transnational social movements and the like are also crucial actors in today's international politics as new channels for interaction among societies (Keohane and Nye 1977). According to Keohane and Nye (1977), complex interdependence means mutual dependence that causes reciprocal impacts among different countries and has three main characteristics.

Firstly, there is multiplicity of channels—such as NGOs, business groups, and multinational companies—of communication among societies, which have an increasing effect on states' foreign policies. While the communication among non-governmental organizations from different countries increases, the relations between their respective states will start to affect them and their linkages with their counterparts. As a result, they will yearn to influence the foreign policies of their countries according to their own interests. Therefore, many issues, which were previously subject to domestic politics, become new issues of foreign policy.

Secondly, in today's complex arena of international relations, there are numerous issues on the agenda of interstate relations that are not necessarily arranged in a clear or consistent hierarchy; in addition, there is no high politics versus low politics dichotomy. In other words, issues related to military security do not always dominate the agenda of states and issues related to economy, energy or environment can occasionally rest prior on the agenda. Finally, there is a decreasing importance of military power in international relations and threatening military power is not always the best means of achieving national interests despite the fact that it is important as a political tool. For example, military force is useless in resolving economic disputes among allies and the intense cooperation between two countries makes threatening military force irrelevant in their bilateral relations.

On the other hand, Putnam's (1988) notion of two-level diplomatic games, which offers a conceptual framework for understanding how diplomacy and domestic politics interact, provides a useful framework to demonstrate how domestic interest groups representing civil society are able to participate in foreign policy-making. Putnam's model also helps to clarify the impact that actors from abroad may have on the decision-makers who determine the parameters of a country's foreign policy.

According to Putnam (1988), diplomacy and international negotiations can be perceived as a two-level game in a democratic environment. At the first or national level, there are the negotiations between domestic groups who pursue their interests by influencing the government and decision-makers whose aim is to increase their political power by acquiring the support of those groups. There are also negotiations at this level among different bureaucratic agencies to augment their relative power within the state apparatus. At the second or international level, there are negotiations between

diplomats or decision-makers representing states whose goals are to maximize their national interests to satisfy domestic pressures and minimize the negative consequences of foreign developments.

In this game, decision-makers and diplomats cannot ignore the importance of these two levels. In other words, first, they have to take into account their counterparts' concerns or positions and have to appease them to a certain extent in order to reach an agreement or consensus at the international level. Then, they must sell the decisions made at the international level to their respective national constituencies at the national level to get their ratification. This means that decision-makers also have to consider the positions or concerns of domestic interest groups. As a result, even though those domestic groups do not participate in the negotiations at the international level, they can be part of the broader decision-making process by influencing their representatives. Therefore, Putnam's model helps us to understand why foreign policy-making cannot be restricted to 'traditional' foreign policy actors within modern democratic states and how other actors, such as national interest groups and different bureaucratic agencies, become involved.

From the political economy perspective of this paper, Putnam's concept of "two level diplomatic games" and complex interdependence theory provide a good analytical basis to demonstrate the importance of economic factors in Turkish foreign policy activism over the last decade. This paper will use Putnam's concept of "two level diplomatic games" in explaining the increasing role of business groups in foreign policy-making. Meanwhile, complex interdependence theory will be utilized to argue the importance of growing economic links between Turkey and abroad with regards to Turkish foreign policy.

CHAPTER 2: THE ROLE OF THE BUSINESS COMMUNITY IN THE TRANSFORMATION OF TURKISH FOREIGN POLICY

The AK Party came to power only one year after the severest economic crisis in Turkey's history and while the country was still struggling to recover and balance the economy. As a result, underlying economic problems were the weightiest issues on the AK Party government's agenda and the primacy of economics started to be felt in almost all government policies, including foreign policy. The AK Party government aimed to use foreign policy also as an instrument for creating wealth and additional financial resources, and this could be realized only with the support and collaboration of Turkish businessmen. In this regard, the communication and partnership between business and the state has improved in the last decade through the use of business associations, as two different business communities have been prominent in Turkey's political life during the AK Party period. These are the newly rising Anatolian bourgeoisie, the so-called "Anatolian tigers" and traditional economic elite, essentially big businessmen based mostly in Istanbul.

2.1 The Main Business Groups Influencing Turkish Foreign Policy

2.1.1 The Anatolian Tigers

The 1980s represented a crucial turning point in Turkey's economic and political history. Under the leadership of Turgut Özal, Turkey began to adopt a neoliberal, market-oriented economic model, moving away from the existing state-dominated, heavily interventionist, import-substitution model. As part of Özal's programme, Turkey liberalized its financial system along with its imports regime and encouraged the growth of an export-oriented private sector (Buluş 2009). This process of opening

up the economy to the outside world and providing active government support for the export companies created a great opportunity for entrepreneurs who started up small and medium scale enterprises (SMEs) in the new industrial growth centres of Anatolia, such as Konya, Kayseri, Denizli and Gaziantep. These local SMEs, which were initially operating mainly in labour-intensive sectors such as textiles, began to improve their business practices and import new technology and know-how by establishing transnational connections. This process then led to the proliferation of SMEs, increases in production and capital accumulation in various Anatolian cities (Demir, Acar and Toprak 2004). The statistics indicate that more than 500,000 SMEs were set up from 1983 to 2000 in Turkey, as their share in Turkey's export rose from 31% in 1980 to 48% in 1994. Moreover, these SMEs constituted almost 90% of Turkey's manufacturing firms and employed more than one-third of its industrial workers in 1990 (Hoşgör 2011). In reference to their geographic location and also to the success story of export-oriented SMEs in East Asia, these SMEs became known as the "Anatolian Tigers".

This rising new bourgeoisie of Anatolia has some general characteristics, such as loyalty to Islamic values, support for right-wing conservative parties and an outward-looking economic philosophy with a high degree of economic rationality (Demir, Acar and Toprak 2004). As a consequence of its escalating economic power, this new bourgeoisie began to join the traditional economic elite, namely the small group of large businessmen located primarily in Istanbul who have significant influence on Turkey's political life (Başkan 2010). In this respect, the example of the Association of Independent Industrialists and Businessmen (MÜSİAD) as a representative of the Anatolian Tigers is prominent. After its foundation in 1990, MÜSİAD became the

leading business association in various Anatolian cities thanks to its growing number of members, eventually exceeding 3,000. MÜSİAD helped its members by not only providing information or technical assistance enabling them to compete in foreign markets, but also by protecting their interests through the lobbying of government authorities and the promotion of specific policies (Başkan 2010). MÜSİAD played an important role in Turkey's political life during the 1990s as the representative of the Islamic business elite and also supported the establishment of the AK Party in 2001 as a conservative and moderate right-wing party. Thanks to this support, an organic relationship was established between the AK Party and MÜSİAD. Said relationship was demonstrated through the election of some MÜSİAD members as AK Party deputies in both the 2002 and 2007 elections (Başkan 2010). Therefore, MÜSİAD has managed to affect government policies including foreign policy formation by virtue of this organic relationship, in the interests of its members. However, MÜSİAD is not the sole organization to both represent the Anatolian bourgeoisie and affect government policies.

As an outcome of the increasing economic and political power of the Anatolian bourgeoisie, other business associations started to be established as representatives of the Anatolian Tigers and to translate their common interests into collective action. One of these associations, the Turkish Confederation of Businessmen and Industrialists (TUSKON), has become influential within a very short period of time. Despite the fact that it was founded in 2005, TUSKON has managed to establish a presence in almost all Turkish provinces and the number of its members exceeded 47,000 as of 2013 (TUSKON 2013). Due to its large local support base, mainly consisting of newly emerging conservative bourgeoisie, TUSKON has managed to establish close relations

with the government and to become one of the most influential business associations in Turkey (Başkan 2010).

TUSKON, MÜSİAD and other associations of the conservative Anatolian bourgeoisie have not only put pressure on policy-makers to affect Turkey's economy policies, but have also pushed them to reformulate Turkey's foreign and trade policies towards Middle Eastern, Central Asian and African countries since their members have constantly strengthened their business ties with these countries. The Anatolian Tigers demand a proactive foreign policy, one which is conducive to their growing economic links with these regions, and which is also beneficial to the establishment of stability and economic integration in Turkey's neighbourhood. The developing economic links between Turkey's SMEs and these regions, which stem from economic factors together with geographical and cultural proximity, have required this kind of foreign policy (Kutlay 2011).

In addition, the AK Party, which is very keen to establish good relations with the business world, has supported the economic activism of the Anatolian Tigers towards these regions and has pursued policies favourable to their interests. Consequently, the AK Party managed to have electoral support of these newly developing industrial cities in Anatolia in the last three general elections; this is partly because increased international activity has resulted in more wealth and employment in those cities (Kirişçi and Kaptanoğlu 2011). As demonstrated in Table 1, the AK Party has constantly increased its share of the vote in most Anatolian cities where the Anatolian Tigers are effective in local economic life.

Table 1. AK Party's vote distribution in the 2002, 2007 and 2011 general elections (%)

AK Party Votes	2002	2007	2011
Afyon	42.6	53.7	60.3
Aksaray	43	63.4	66
Bursa	41.3	50.7	52.9
Denizli	24.1	43	46.6
Gaziantep	40	59.2	61.8
Kahramanmaraş	53.8	68	69.6
Kayseri	54.3	65.7	64.9
Konya	54.9	65.3	69.6
Malatya	50.6	66.7	68.4
Sivas	45	55.5	63.3
Trabzon	44	56.8	59
Turkey-General	34.3	46.5	49.9

Source: Turkish Statistical Institute, http://www.tuik.gov.tr/PreTablo.do?alt_id=42, 19.03.2012.

However, the rising economic elite of Anatolia were not alone in having an influence on Turkish politics and decision-makers in the state. The traditional economic elite—Turkey's big businessmen—continued to be influential on government policies during the AK Party era and like the Anatolian Tigers, they also promoted and supported Turkey's new foreign policy activism since it was beneficial to their economic interests as well.

2.1.2 The Leading Holdings (the Big Businessmen) of Turkey

When the Republic of Turkey was founded in 1923, the country deeply felt the lack of a strong private sector to provide economic growth and industrialization; in consequence, Turkish governments actively supported the formation of a strong private sector that would eventually lead to a small number of large Turkish holdings operating in different sectors in the 1960s and 1970s (Aksakal 2010). Although their

numbers did not even reach 100 in 1980, they started to be influential in Turkey's political and economic life, especially after the establishment of the Turkish Industry and Business Association (TÜSİAD) in 1971. Since the opening up of the Turkish economy to the rest of the world in the 1980s created new opportunities for Turkish entrepreneurs; the number of these holdings constantly increased, reaching 477 in 1995 (Aksakal 2010). Some of these holdings also began to establish their own banks, thanks to banking licences easily acquired with the help of political intervention. The number of banks in Turkey rose from 66 to 81 during the 1990s while Turkey was being ruled by short-term coalition governments (Kutlay 2011). However, the main purpose in the establishment of these banks was not to generate profit through “real banking”, such as extending credit to the real economy; rather, the primary goal was making profit by investing in treasury bonds and bills since Turkey was only able to borrow at high interest rates at that period. Thus, rentier profits extracted from the state became a great source of revenue for Turkish holdings with financial arms (Kutlay 2011).

Turkey experienced the gravest economic crisis of its history in 2001, which caused devastating consequences for all segments of the society. Within a year, GNP had decreased by around 10%, unemployment had increased by almost 1 million people and GDP per capita had fallen by approximately 25% (Park 2012). Nevertheless, the 2001 crisis also created a valuable opportunity for the Turkish economy's future by leading to a vigorous consensus among the Turkish people: short-term measures to overcome the crisis—such as enhancing liquidity, devaluating the currency and the like—were not sufficient and a transformation was needed in the political-economy and financial structure of the country, along with business-state

relations, in order to avoid similar future economic crises. By virtue of this consensus, the government commenced to implement radical reforms that resulted in the consolidation of the banking sector and the closure of the banks mainly benefitting from the rentier strategy of accumulating capital and extending irrational and politicised credit to the private sector (Kutlay 2011). As a consequence of this process, the total number of banks in Turkey decreased to 51 in 2005 and then to 48 in 2011 (Milliyet 2012). Consequently, more integration with the global market and competing in international markets appeared as the only sustainable way for Turkish holdings to expand in the post-crisis period instead of benefitting from a crony capitalistic relationship (Kutlay 2011).

Kutlay (2011) categorizes Turkey's holdings into two groups according to their accumulation strategy before and during the aftermath of the 2001 crisis. In the first group there were holdings without a strong capital accumulation strategy. These holdings operated mainly in traditional, low-value added sectors such as textiles. There was lack of specialization in these holdings because they were operating in many sectors simultaneously. These holdings were not competitive in the international markets and were not ready for internationalization. Their growth depended on profits extracted from the state through investments in treasury bonds and bills. In other words, these holdings survived and even expanded with the help of the high state-indebtedness in Turkey during the 1990s which accommodated a type of financial protection for them. However, the fiscal crises of the government in the late 1990s and early 2000s put an end to this type of capital accumulation and the financial institutions of these holdings such as Nergis Holding (Interbank), Medya İpek Holding

(Etibank), Cingillođlu Holding (Demirbank) and Yařar Holding (Yařar Bank), either bankrupted or fell into financial difficulties (Kutlay 2011).

On the other hand, in the second group were holdings based on “dynamic accumulation” and internationalization strategies. These holdings benefited from the rentier profits obtained from the state apparatus as well but, in the 1990s, they also realized that this capital accumulation strategy was not sustainable in the medium or long term and started to alter their capital accumulation strategies. The industrial arms of these holdings began to focus on newly emerging or high-value added sectors, such as automotive, high-technology and durable goods to increase their production and to be competitive internationally. These holdings also took advantage of their banks such as Koç Holding’s Koçbank, Sabancı Holding’s Akbank, and Dođuř Holding’s Garanti Bank in a relatively better manner to support their high-value added investments and international competitiveness. In summary, instead of concentrating on a state-dependent growth and accumulation strategy, the second group of Turkish holdings preferred global integration and international competition. As a result of this, they managed to grow in the 2000s by establishing partnerships with international companies. Some of them have even bought famous international brands as a part of their internationalization strategies. For instance, Yıldız Holding bought Godiva, Koç Holding purchased Arctic and Defy, Eczacıbaşı group bought Burgbad and Villeroy Boch and Anadolu Group acquired Miller (Dünya 2012).

Kutlay (2011) argues that the 2001 crisis was a defining test for Turkish holdings, as those that were mainly based on a rentier capital accumulation strategy began to lose their economic power, and accordingly their political influence in the post-crisis period. On the other hand, the holdings that chose dynamic accumulation and global

integration passed the test and continue to expand during the 2000s within a new political economy framework. These holdings not only supported the economic reforms of the government and encouraged the transformation of business-state relations through their primary business association TUSİAD, but also urged and promoted the integration strategies and active foreign policy of Turkey under the AK Party government rule, which benefited their economic interests.

In conclusion, when the AK Party came to power in 2002, the economic interests of the Turkish business world, including both the large businesses and the Anatolian Tigers, favoured an outward orientation that required, in turn, a proactive foreign policy as a convenient tool for expanding market access. Regional stability and economic integration were also compatible with the interests of this strong, emerging economic constituency dependent on foreign trade. The Turkish business world desired to see Turkey as a prestigious member of the international community and as a leading country in its region that would be able to give direction to foreign policy developments according to its economic interests. Thus, Turkish businessmen both promoted and supported the new activism in Turkish foreign policy, which assisted their business abroad and their country's economic activism. As Putnam suggests, foreign policy-makers have to consider the interests, opinions and demands of their national constituencies and domestic interest groups in the diplomatic game. Therefore, the AK Party government took the business community's views and wishes into consideration in the foreign policy-making process. The strengthening communication and cooperation between the state and business associations during the AK Party era also helped this process.

2.2 The Stronger Communication between the State and the Business

Community

Stephen Bell (1995) argues that business associations can play three different roles in policy formulation depending on their relations with the state. Firstly, the business associations may have a limited, quasi-public role and can help policy formulation by only providing information or participating in state advisory bodies. When business associations play this part, they cannot be part of the official decision-making process, but they can influence the decision-makers. Secondly, business associations may have a public status and they can be part of policy formulation officially. Thirdly, they may have a role beyond policy formulation and they may become directly involved in the implementation of governmental policies.

Turgut Özal's vision of integrating Turkey with the rest of the world required better communication and cooperation with the business community. In this regard, Özal ordered the establishment of a new institutional framework: The Foreign Economic Relations Board of Turkey (DEİK). This would operate under the semi-official Turkish Union of Chambers and Commodity Exchanges and serve as a platform for communication between the state and the business community. It would also coordinate the private sector's foreign economic relations. DEİK was established in 1986 and became functional in 1987. Another semi-official business organization, TİM, was established as the umbrella institution for all sectoral and regional exporter unions in 1993. Although DEİK and TİM played important roles in the formation of Turkey's foreign economic policies during the 1990s as a result of their public status, their importance and effectiveness significantly increased after the AK Party came to power in 2002. They were also joined by other business organizations such as

TUSKON and MUSIAD in having influence on government policies during the AK Party period.

After the formation of the first AK Party government in 2002, Turkey started to pursue a proactive foreign policy based on constructive engagement with Turkey's neighbourhood and used trade and investment as key instruments. To follow this foreign policy, the AK Party needed an active state-business partnership, which the Turkish business community was also eager to realize (Atlı 2011). The leading cadre of the AK Party—beginning with Prime Minister Erdoğan, President Gül and including government ministers—have established close relations with the business community and supported their interests in various forms. This includes attending the events of business associations, inviting businessmen from various business organizations on their official visits, raising the problems of Turkish businessmen with foreign leaders in their meetings or even sending letters to foreign leaders to solve the problems of businessmen. Through the help of the AK Party's policy, relations between the state and business community have developed over the last decade.

However, the business organizations' role in Turkey has still primarily remained limited and quasi-public under Bell's typology despite the improvement in state-business partnerships over the past ten years. Only DEİK and TİM can become part of official policy formulation under certain circumstances since they possess public status. For instance, DEİK participates in Joint Economic Commission meetings, which are held on a bilateral intergovernmental basis with foreign governments to negotiate the current and future bilateral economic relations (Atlı 2011).

Nevertheless, no business association has a direct role in policy implementation in Turkey, as only state institutions can design and implement policies. Therefore, Turkish business associations participate in the policy-formation process mostly by influencing government officials and state bureaucrats, which is predominantly carried out through two mechanisms: organizing business events, particularly large scale international events, and participating in state leaders' visits or trade missions (Atlı 2011).

Each Turkish business association organizes a large annual event to bring their members together; as prominent figures from the government participate in these events to explain government policies and to hear the opinions, demands and policy suggestions of businessmen. These events serve as a key communication platform between the government and business communities. They also give the government an opportunity to show its support for the business community. For instance, Prime Minister Erdoğan attended the General Assemblies of TUSKON, MUSİAD and TİM and addressed their members in 2012. Furthermore, by organizing large-scale business events with the support of the state, such as TUSKON's "Foreign Trade Bridge" summits or DEİK's "Joint Annual Meetings", business associations bring together their members not only with foreign businessmen, but also with high-level decision-makers from Turkey and abroad. Thus, business organizations use these events as an instrument of foreign policy participation by exchanging opinions and ideas with decision-makers (Atlı 2011). For example, TUSKON organized its "Foreign Trade Bridge" summit with the support of the Ministry of Foreign Affairs and Undersecretariat for Foreign Trade in 2009; 27 ministers, 63 bureaucrats and ambassadors, along with 2,250 businessmen from Turkey and abroad participated in

this event, with the opening speech being made by Prime Minister Erdoğan (İSİAD 2012).

In addition, the participation of businessmen in state leaders' visits, which is a legacy of Turgut Özal, has continued on an increasing scale over the last decade. For example, President Gül alone carried out 70 visits with the participation of 2,670 businessmen in his first three years in office; it was estimated that these visits engendered a business volume of around 20 billion US dollars (Atlı 2011). In addition, trade missions, which are headed by state leaders, ministers and high-level bureaucrats, are regularly organized under the coordination of the Ministry of Economy with the support of TİM and certain business organizations such as TUSKON, DEİK and MUSİAD. Trade missions, along with the official visits of the president and prime minister, have provided a major opportunity for the business community to directly communicate with high-level state officials both from Turkey and abroad and to explain their positions or interests on certain issues. To provide illustrative figures, between 2009 and February 2013, 81 general trade missions (including businessmen from different sectors and not specific sector-oriented trade missions) were organized; as Prime Minister Erdoğan headed 23 of these missions. In terms of the geographical distribution of these missions, 22 were directed at the countries in the MENA region, 18 at the countries in the Balkans, Caucasia and Central Asia, including Russia, and 12 at sub-Saharan Africa.²

In addition to these two main mechanisms, business associations obviously have other opportunities to influence decision-makers during the foreign policy-formation process. Firstly, the senior executives of the business associations, especially those

² Information received from the Ministry of Economy, 21.3.2013.

representing Anatolian Tigers, have very good communication with high-level state officials and these executives frequently visit them in Ankara. Secondly, the strengthening of the state-business partnership has led to better cooperation and communication between the business community and state institutions. To give an example, during the Ambassadors Conference—organized by the Ministry of Foreign Affairs each year and bringing all Turkish Ambassadors together in Ankara—the representatives of DEİK convene with ambassadors at a dinner and have a chance to explain their opinions on certain foreign policy issues to the country’s most senior diplomats.

In conclusion, as a result of the better state-business partnership and improved channels to communicate with decision makers, the business community’s influence on foreign policy-formation has increased and Turkey’s businessmen have significantly contributed to the formation of Turkish foreign policy in the last decade. The new proactive Turkish foreign policy, which promotes greater economic integration of the country with its surrounding regions through trade and investment, has been urged and supported by the business community since their economic interests also required greater market access, specifically within the new political-economic framework established after the 2001 economic crisis. Thus, the role of Turkish businessmen in the transformation of Turkish foreign policy cannot be ignored. The current Minister of Foreign Affairs Ahmet Davutoğlu also underlined this reality by saying the business community had become the main driver of Turkish foreign policy (Turkishtime 2004, cited in Kirişçi and Kaptanoğlu 2011).

In this chapter, the increasing importance of Turkey’s business community in the formation of Turkish foreign policy has been discussed. The influence of businessmen

together with the impact of Turkey's growing foreign economic links on Turkish foreign policy will be covered in the following chapters.

CHAPTER 3: TURKEY'S INCREASING ECONOMIC LINKS AND THE TRANSFORMATION OF FOREIGN POLICY

3.1 Growing Economic Links and New Factors Affecting Turkish Foreign Policy

In the aftermath of the 2001 crisis, the integration of the Turkish economy with the global economy and the competitiveness of Turkish firms in international markets increased as a consequence of structural reforms in the economy and the government's active support for Turkish businessmen. This led to outstanding growth in Turkey's exports and an overall trade volume between 2002 and 2012. Table-2 demonstrates that Turkey's trade volume increased from 87 billion US dollars in 2002 to 389 billion US dollars in 2012. This table also shows that Turkey's exports jumped from 36.1 billion US dollars in 2002 to 152.6 billion in 2012. During the same period, the growing economic activism of Turkish firms, guided by governmental institutions, also resulted in better market diversification for Turkey's export products and neighbouring countries together with Africa and Asia turned into profitable trade partners for Turkish companies, particularly for the Anatolian Tigers. The EU's share in Turkey's total export decreased from 57 % in 2002 to 38.8 % in 2012. On the other hand, the Near and Middle East's share in Turkey's total export raised from 9.5% to 27.8% in the same period. In addition, Africa's share scaled up from 4.7% to 8.7%, and similarly, The Commonwealth of Independent Countries' (CIS) share increased from 6.3% to 9.9% in Turkey's total export between 2002 and 2012.³ The efforts of Turkish businessmen and the government to diversify Turkey's export markets significantly

³ Source: Ministry of Economy, <http://www.ekonomi.gov.tr/index.cfm?sayfa=7145D543-D8D3-8566-4520DFB6CC4A86BA>, 22.3.2013

increased after the global financial crisis in 2008 and the ongoing troubles in the Eurozone. The Turkish private sector has endeavoured to export more to Africa and Asia in addition to neighbouring regions in order to compensate for the shrinkage in Europe's demand for their products in the last couple of years, and in this they have been actively supported by the government (Posta 2012).

Table 2. Turkey's Foreign Trade between 2002 and 2012.

Million US dollars	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPORT	36.059	47.253	63.167	73.476	85.535	107.272	132.027	102.143	113.883	134.907	152.537
IMPORT	51.554	69.340	97.540	116.774	139.576	170.063	201.964	140.928	185.544	240.842	236.544
TRADE VOLUME	87.613	116.593	160.707	190.251	225.111	277.334	333.991	243.071	299.428	375.749	389.081

Source: Ministry of Economy, <http://www.ekonomi.gov.tr/index.cfm?Sayfa=79192159-19DB-2C7D-3D5AE56731D11E50>, 22.3.2012.

Apart from trade links, Turkey's business community has also increased its integration with the global economy through investment ties and Turkey's outward investment stock has risen significantly in the last decade, particularly in its neighbourhood. For instance, Turkish construction firms alone, most of which are Anatolian Tigers, invested approximately 195 billion US dollars abroad between 2002 and 2012. Their annual foreign investment rose from 2.5 billion US dollars in 2002 to 26.6 billion US dollars in 2012: 41% of these investments went to the Middle East, 40% to the CIS and 16% to Africa.⁴ To give further examples, according to the Turkish economy newspaper Dünya (2012), as of March 2012, there are around 300 Turkish factories abroad and seven Turkish companies including the Anadolu Group, Eczacıbaşı, Şişe Cam and Sabancı have 10 or more factories outside the country, most

⁴ Source: Ministry of Economy, [http://www.ekonomi.gov.tr/upload/1716ACC7-984B-A973-A04F725D556CEF47/M%C3%BCteahhitlik%20Notu%2006%2002%202013%20\(2\).pdf](http://www.ekonomi.gov.tr/upload/1716ACC7-984B-A973-A04F725D556CEF47/M%C3%BCteahhitlik%20Notu%2006%2002%202013%20(2).pdf), 22.3.2013.

of which are in Russia. Azersun Holding has 13 production plants abroad, most of which are in Azerbaijan. Demir Group employs 7,000 people in Uzbekistan, where the leading textile producer is another Turkish company (Bursel Holding). The number of Turkish factories in Romania and Bulgaria is 24 and 16, respectively (Dünya 2012). Turkish companies in Egypt, which have made investments worth 2 billion US dollars, employ approximately 50,000 Egyptians (Haber7 2013). Before the start of the civil war, the value of Turkish companies' investment in Syria was 1 billion US dollars (Hürriyet 2012). Thus, Turkey has integrated with its surrounding regions not only through trade, but also through investment.

In addition to Turkish investments abroad, foreign capital in Turkey has also significantly mounted up in the last decade. Although FDI inflow towards Turkey was only about 1 billion US dollars per annum during the period of 1993-2002, Turkey has managed to attract FDIs worth 120 billion US dollars in the last decade.⁵ Moreover, foreign portfolio investment (FPI) in Turkey, which was 2.4 billion US dollars in 2003, reached 40.8 billion US dollars in 2012 (BloombergHT 2013). These figures are another indicator of increasing economic links of the Turkish economy with nations abroad and its growing integration with the global economy.

The economic transformation and increasing internationalization of the Turkish business community has affected Turkish foreign policy in a number of ways. First of all, the increasing economic links between Turkish businessmen and their foreign counterparts has led to the emergence of new channels for dialogue among societies. As the economic relations between the businessmen has improved, the communication

⁵ Source: Invest in Turkey, <http://www.invest.gov.tr/tr-TR/investmentguide/investorsguide/Pages/FDIinTurkey.aspx>, 23.3.2013

channels between the non-state actors have multiplied and Turkish society has begun to become more interested in foreign policy issues. As a result of this, bureaucratic and military elites have started to lose their monopoly over Turkey's foreign relations. Security-related issues have begun to lose their priority on the foreign policy agenda of Turkey, as issues more closely related to the daily life of citizens, such as economic ones, have grown in importance (Kutlay 2011). Finally, this process has had an outstanding influence on Turkish foreign policy. To give an example, as economic links between the Kurdish region in Northern Iraq and Turkey have grown, Turkish firms, particularly those operating in the construction sector, have begun to have significant economic interests in the region. Iraq was Turkey's second largest export market in 2012 and more than 70% of Turkey's exports to Iraq went to the Kurdish region. Moreover, more than half of the total foreign companies in Northern Iraq in 2012 were Turkish according to the records of the Kurdish Regional Government (KRG) (Davutoğlu 2013). As a result of these economic interests and active lobbying by Turkish companies, most of which are Anatolian Tigers, Turkey has altered its Northern Iraq policy and started to see the KRG through the lens of economy rather than one of security (Özcan 2011). In other words, the cooperation in low politics has spilled over into high politics: Turkey and the KRG currently enjoy solid economic and political relations.

Secondly, with the multiplication of dialogue channels and growing bilateral commercial interests, societies have started to gather more information about each other and this process firstly has changed their perceptions about the other countries, affecting the bilateral relations of their states. Namely, the spill-over effects of increasing economic links have led to a change of perception in these societies (Kutlay

2011). For instance, Turkey had some problems with its Arab neighbours during the 1990s, when it was seen as the representative of Western interests in the Middle East and also criticised due to its close relations with Israel in the Arab world. However, through better economic, political and social links between Turkey and the Arab world, mainly established in the last decade, the perceptions both in Turkish and Arab societies started to change and a more favourable climate occurred for Turkish businessmen to conduct business in the Middle East. For example, the Turkish Economic and Social Studies Foundation's (TESEV) report in 2011 on Turkey's Perception in the Middle East, which is based on a survey in 16 Middle Eastern countries, indicated that 78% of people in the region mostly sympathize with Turkey and 61% view Turkey as a model country for the Arab world (Akgün and Senyücel Gündoğar 2012).

Thirdly, Pamuk (2011) claims that the macroeconomic stability in the last decade, which has brought about reduced real interest rates, single digit inflation and reduced public debt, has decreased Turkey's dependence on international financial institutions, such as the IMF, and has contributed to its more autonomous and assertive foreign policy in the Middle East and Africa. Although this analysis plays a helpful role in indicating the connection between economy and foreign policy, the effect of macroeconomic stability on Turkish foreign policy should not be exaggerated because Turkey has remained dependent on foreign capital inflows and Western financial markets over the past decade despite its reduced public debt.

As Table-2 shows that while the Turkish economy and its links have been growing in the last decade, Turkey has constantly incurred a current account deficit (CAD). Turkey's energy imports, which amounted to 60.1 billion US dollars in 2012,

along with its import-dependent export sectors are the main reasons for this deficit (Yıldırım 2013). In addition, there has been a significant increase in the external debt of the private sector throughout the past ten years. The private sector's external debt increased 405% between 2002 and 2012, reaching 226 billion US dollars.⁶ Thus, Turkey has continued to rely on foreign capital inflows and Western markets to finance its CAD and avoid balance of payment problems in the last decade. Moreover, Turkey has been aware of the fact that economic and political stability is a top priority to attract foreign investors.

Therefore, over the last decade, the new Turkish foreign policy has actively endeavoured to provide stability inside and outside of Turkey's borders, particularly in its close neighbourhood for the sake of the Turkish economy. Political and economic stability, both inside and outside of Turkey, is important for the growing Turkish economy in terms not only of increasing the economic ties of Turkish businessmen with countries abroad, but also the continuity and increase in foreign investment in Turkey that the Turkish economy vitally needs. Turkey's mediation efforts in the Middle East, the Balkans and Asia, together with policies such as "zero problems with neighbours" should also be interpreted in this context. The following statement by the Minister of Foreign Affairs Ahmet Davutoğlu at the "Trade Counsellors Conference" in the Ministry of Economy in Ankara in 2011 offers further proof. Davutoğlu stated:

"If you consider all the countries in the Balkans, Caucasia, Central Asia, the Middle East and Africa, you will see that Turkey has the biggest economy among all these countries excluding Russia. If there is stability in these geographies and closer economic integration between these countries, the Turkish economy will hugely benefit from it. We are targeting a place among the biggest ten economies in the world in 2023. If you look at the current top ten economies in the world, you will notice

⁶ Source: Undersecretariat of Treasury, <http://www.treasury.gov.tr/default.aspx?nsw=EilDPQez15w=-SgKWD+pQItw=andmid=695andcid=12andnm=765>, 24.3.2013.

*continental-scale producer countries such as the USA, Canada, India, Brazil and China. Therefore, we have to enlarge our geography by establishing more economic integration in our neighbourhood.*⁷

To summarize the analysis so far, economic factors—namely increasing trade and investment links with countries abroad, along with continuing dependency on international financial markets and the increasing influence of the business community in foreign policy-making—have pushed Turkey towards pursuing a proactive foreign policy in order to enhance relations with its neighbourhood and to establish stability and economic integration in its surrounding regions. These economic factors have also affected Turkish foreign policy by improving the communication channels and the networks between Turkish society and other societies, while also changing the perceptions of foreign societies towards Turkey. In the next chapter, the foreign policy practices of Turkey stemming from these economic factors will be discussed. Before that, however, brief information will be given on the general characteristics of the AK Party government's foreign policy.

3.2 A New Foreign Policy for the 21st Century and the Change within the Structure of Foreign Policy-Making in Ankara

Following the end of the Cold War, Turkey's response towards the historical developments and transformation in its neighbouring regions were reactive and opportunistic rather than strategic. Turkish foreign policy stayed within the limits of a "balance of power logic", keeping military and security-related issues at the top of its foreign policy agenda (Park 2012). Turkey came close to war with Greece and Syria several times, conducted numerous military operations in Northern Iraq and had also

⁷ Trade Counsellors Conference in Ankara, 25.4.2011; I was in the audience during Ahmet Davutoğlu's speech.

problems with its other neighbouring countries, such as Iran and Armenia, in the 1990s. Moreover, due to its close ties with NATO and Washington, Turkey was perceived as the defender and representative of Western interests in the Middle East, and as a result its relations with many Arab countries were poor. Despite the fact that Turkish foreign policy began to change at the end of the 1990s with rapprochement efforts with Syria and Greece, the real transformation started with the AK Party government, Ahmet Davutoğlu played a major role in this transformation as the “intellectual architect” of the AK Party government’s foreign policy (Aras 2009). After the election victory of the AK Party in 2002, Davutoğlu had the chance to directly employ his “strategic depth” concept when he served first as the chief advisor on foreign policy to the prime minister before becoming the Minister of Foreign Affairs during a cabinet reshuffle in May 2009.

According to this new foreign policy, Turkey is a “central country” in the midst of Afro-Eurasia with a vast “strategic depth”, and this does not just stem from its optimal geographic location, but also its cultural and historical heritage. Therefore, Turkey should cease to play its Cold War role of a peripheral country and assume a new position that provides security and stability in its geography by following a more active and constructive foreign policy (Davutoğlu 2008). This new foreign policy vision to make Turkey a strong regional and even a global actor requires the implementation of five principles: a) balance between freedom and security; b) zero problems with neighbours; c) the use of multidimensional and multi-track policies; d) a new diplomatic discourse based on firm flexibility and e) rhythmic diplomacy (Davutoğlu 2008). An analysis of the “strategic depth” concept and its underlying principles is not the purpose of this dissertation. However, it is possible to say that this

new vision of foreign policy, which aims to create a peaceful, stable and prosperous environment in Turkey's neighbouring regions and uses economic links as a foreign policy tool, has also been conducive to the realization of Turkey's commercial and economic potential (Babacan 2011).

Therefore, the AK Party government's foreign policy answered the demands and expectations of the Turkish business community in the aftermath of the 2001 crisis and accordingly received said community's support, which was crucial for the policy's implementation and success. Davutoğlu states that the activities of civil society, business organizations and numerous other organizations are part of this new foreign policy vision (Davutoğlu 2008). Cooperation between the business community and the AK Party on foreign policy and foreign economic relations has also contributed to the electoral success of the AK Party because increasing trade and investment linkages have brought economic growth at home, which means more employment, prosperity and votes for the AK Party (Kirişçi and Kaptanoğlu 2011).

The influence of economic factors on foreign policy and the congruency of the business community's opinions with the AK Party's foreign policy vision have also resulted in changes within the structure of foreign policy-formation in Ankara. First of all, the relative weight of the Ministry of Foreign Affairs and the army in foreign policy-making has decreased and the relative importance of other ministries, such as Economy, Finance, Energy, Transport and Tourism, has grown (Kirişçi and Kaptanoğlu 2011). The number of coordination meetings among these ministries on foreign policy issues has increased and the ministers responsible for foreign trade have had much more influence on Turkey's foreign policy than their forerunners. For example, during the Libya Crisis of 2011, there was close cooperation among the state

institutions, especially between the Ministry of Foreign Affairs and the Ministry of Economy, in order to determine Turkey's Libya policy since Turkey had more than 20,000 workers and investments worth 15 billion US dollars in Libya. To give another example, the Ministry of Economy and Energy have been influential in determining the parameters of Turkey's Iraq policy in the last decade due to strengthening economic ties.

The growing importance of the role of economy-related ministries in foreign policy-making also indicates that economy-related issues have become more significant within the foreign policy agenda of Turkey, at the expense of security-related issues. Words spoken by President Gül at TUSKON's "Foreign Trade Bridge" summit in 2012 are further proof of this. Gül said: "I told our ambassadors that you would deal mostly with economic issues and you would not only be interested in political issues. This order is being implemented today and our ambassadors are to give priority to the foreign investors and merchants who are doing business with Turkey" (Presidency of the Republic of Turkey 2012).

Secondly, Turkey has initiated new diplomatic missions and trade offices throughout the world and has significantly expanded its foreign representation as a consequence of its growing foreign economic ties. For instance, the number of Turkish embassies, which stood at 93 in 2002, had expanded to 124 by the end of 2012. Turkey is planning to open nine new embassies in 2013.⁸ The number of trade counsellors also grew from 84 in 50 countries to 208 in 105 countries in the same period.⁹

⁸ Information received from the Ministry of Foreign Affairs, 18.3.2013.

⁹ Information received from the Ministry of Economy, 21.3. 2013.

Finally, the relative importance of economic matters within the Ministry of Foreign Affairs has advanced and the ministry has strengthened its economy-related departments. To give an example, the Ministry recruited 244 new diplomats in the last three years and in contrast to tradition, 148 of them graduated in economy-related subjects such as economics, management and finance. On the other hand, 83 new diplomats graduated in international relations and public administration.¹⁰ This demonstrates the enhanced emphasis on economic issues in foreign policy-making.

By way of conclusion, Renda (2011) also argues that complex interdependence theory has an explanatory power to analyse the transformation in Turkish foreign policy in the last decade stemming from economic factors. By means of developing economic links and the communication channels between Turkey and external countries, the communication channels between Turkish society and other societies have multiplied and the influence of business associations on Turkish foreign policy has increased. This has led not only to a change in the perceptions of other societies towards Turkey, but also in the relative importance of economic issues on the foreign policy agenda. The importance of economy-related institutions in foreign policy-making has also grown. The high politics versus low politics dichotomy in Turkish politics has become irrelevant. In addition, Turkey has increasingly used trade and investment as foreign policy tools and on many occasions has understood that economic means can be more efficient than military power in obtaining favourable results in international relations. For example, increasing trade and investment links further helped the improvement of bilateral relations between Greece and Turkey rather than military balance in the Aegean Sea.

¹⁰ Information received from the Ministry of Foreign Affairs, 14.3.2013.

In this chapter, the increasing economic links of Turkey and their impact on Turkish foreign policy, including its institutions, has been discussed. In the next chapter, the impact of economic factors on Turkey's foreign policy practices and issues will be examined.

CHAPTER 4: THE IMPACT OF ECONOMIC FACTORS ON FOREIGN POLICY

4.1 Policy Implications

As a consequence of the increasing economic integration of Turkey with the global economy, along with the rising influence of businessmen in foreign policy-making, Turkish diplomacy has moved from passive to active engagement and increased its efforts in the last decade. First of all, Turkey has attached more importance to bilateral and regional trade agreements to provide new markets for Turkish exporters and to use them as foreign policy tools for conflict resolution and peace building. For example, in addition to the customs union with the EU, in existence since 1995, the number of Turkey's Free Trade Agreements (FTA) was only three before 2002. Between 2002 and 2012, Turkey signed FTAs with 16 other countries or county groups including, Jordan, Egypt, Syria, Tunisia, Albania, Serbia and Georgia from its neighbourhood; Turkey is also currently negotiating the signing of new trade agreements with 14 other countries or country groups.¹¹

Moreover, Turkey has spearheaded various efforts at encouraging greater economic integration with its neighbouring regions in order to promote a more stable and prosperous region. An example of these efforts was the "Close Neighbours Economic and Trade Association Council" initiative with Jordan, Lebanon and Syria in order to establish a free-trade area. (This initiative was suspended because of the political developments following the Syrian civil war.)

Furthermore, Turkey has increasingly used the "High Level Strategic Cooperation Council Meeting" mechanism as an intergovernmental communication

¹¹ Source: Ministry of Economy, <http://www.ekonomi.gov.tr/sta/index.cfm>, 1.4.2013.

channel to facilitate the coordination of its economic and political initiatives. In these meetings, ministers and bureaucrats from different government institutions come together with their counterparts from another country and discuss almost every aspect of bilateral relations, from agriculture to energy (Renda 2011). Turkey has this high-level consultation mechanism with 13 countries as of 2013, including Russia, Ukraine, Bulgaria, Greece, Azerbaijan, Kazakhstan, Iraq and Egypt.¹²

In addition, Turkey has started to implement a more liberal visa policy especially towards the countries in its region, by signing bilateral agreements with a growing number of countries. The number of countries that do not require visas from Turkish citizens increased from 46 to 64 between 2002 and March 2013. Accordingly, the annual number of Turkish citizens, travelling abroad, rose from 5,129,591 to 11,860,888 between 2002 and 2012.¹³ Turkish citizens can visit all the neighbouring countries, along with Russia, without needing a visa as of 2012, with the exception of Bulgaria and Greece, where the visa regimes are determined according to the EU Schengen rules. The number of people who visited Turkey has increased significantly in the last decade as well. The number of foreign nationals who entered to Turkey rose from 13.2 million to 31.7 million between 2002 and 2012.¹⁴

Moreover, the government and private sector have together increased Turkey's international development aid and made Turkey an important donor country, which is contributing to its global visibility. The official development assistance of Turkey, which was only 85 million US dollars in 2002, reached 1.3 billion US dollars in 2011.

¹² Information received from the Ministry of Foreign Affairs, 18.3.2013.

¹³ Information received from the Ministry of Foreign Affairs, 18.3.2013.

¹⁴ Source: Ministry of Culture and Tourism, http://sgb.kulturizm.gov.tr/Eklenti/5881_yabanci-ziyaretci-sayisi.pdf?0, 1.4.2013.

The Turkish Cooperation and Coordination Agency (TIKA), operating through its branch offices in 33 countries, is actively involved in various development projects in over 100 countries as of 2012.¹⁵ These official aid efforts have obviously created a favourable business climate for Turkish firms in various countries, particularly in Africa and Asia. For example, TIKA opened eight Coordination Offices in Africa between 2005 and 2012 and Turkey's exports to Africa increased from 3.6 billion US dollars to 13.3 billion US dollars in the same period.

Finally, the AK Party government has also promoted Turkey's transport sector and contributed to its significant growth after 2002 with the aim of supporting diplomatic efforts towards Turkey's greater integration with the rest of the world. Turkey signed international road transport agreements with 58 new countries during the AK Party government period and has one of the leading truck fleets of Europe as of 2013. The total annual turnover of the airline industry reached 12 billion US dollars in 2011, up from 2.2 billion US dollars in 2002.¹⁶ Turkish Airlines, the leading airline operator in Turkey, increased its destinations from 60 to 182 in 96 countries and transported 39 million passengers in 2012.¹⁷

All these policies—which are also in accordance with Davutoğlu's ambitious integration project aiming at the free movement of goods and people from the east of Turkey to the Atlantic and from the north of Anatolia to the equator—have also been implemented to meet the demands of the Turkish business community (Hürriyet 2010). In other words, the rising political power of the business community has resulted in

¹⁵ Source: Turkish Cooperation and Coordination Agency, <http://www.tika.gov.tr/tika-hakkinda/1>, 3.4.2013.

¹⁶ Source: Ministry of Transport, Maritime Affairs and Communications, <http://www.ubak.gov.tr/>, 3.4.2013.

¹⁷ Source: Turkish Airlines, <http://www.turkishairlines.com/tr-tr/kurumsal/basin-odasi/THY/basari-hikayesi>, 3.4.2013.

further integration of Turkey with external countries and a new activism in Turkish foreign policy over the last decade, which has also served the interests of Turkish business community. The words spoken by Davutoğlu at the TUSİAD High Advisory Council meeting in 2010 are further evidence of this. Davutoğlu said:

“We shall normalize history. And the greatest beneficiary of the normalization of history will be the Turkish economy. We expect support for this foreign policy from our business community. Because this whole foreign policy is being implemented in order to pave the way for you (the business community). Why are we establishing councils? To increase Turkish investment in neighbouring countries and enable a greater flow of resources from those countries” (Davutoğlu 2010).

4.2 Policy Practices

The growing influence of Turkish businessmen in foreign policy-making process and their growing economic ties with the rest of the world have markedly affected Turkish foreign policy in the last decade. Many examples can be given to demonstrate the impact of economic factors on the Turkey’s new foreign policy activism. For instance, if the relations of Turkey with its neighbours Greece, Iraq, Iran, Georgia, Syria, Bulgaria and Russia are analysed in the period of 2002-2011, it will be seen that increasing trade and investment links together with the activities of business associations played an important role in the development of Turkey’s bilateral relations with its neighbours. Furthermore, since the economic importance of India and China has significantly increased in the last decade, Turkey has developed new policies towards these two economic giants. Although Turkey-India relations were overshadowed by Turkey’s special relations with Pakistan for many years, Turkey has started to conduct its relations with India apart from its relations with Pakistan.

Similarly, the Uyghur question has ceded priority to economic cooperation on the agenda of Turkey-China bilateral relations (Özkan 2011).

EU-Turkey relations constitute another foreign policy area where business associations play a remarkable role. For example, as a consequence of the immense pressure of business associations on the AK Party government, the issue of liberalizing Schengen visa requirements for Turkish citizens has been a top priority on the agenda of EU-Turkey relations in the last couple of years (Kirişçi and Kaptanoğlu 2011). In addition, after the global financial crisis in 2008 and the start of the economic troubles in the Eurozone, the Turkish business community and the AK Party government agreed on more diversification of Turkey's export markets. Within this context, Turkish business associations and the government increased their interest towards Latin America hand in hand. For instance, Turkey opened three new embassies and one general consulate in Latin America after 2008 and is planning to open two new embassies and one general consulate in the near future.¹⁸ On the other hand, business organizations such as TUSKON and DEİK have significantly increased their activities in Latin America since 2008. Although DEİK had only one business council in Latin America (Brazil) before 2008, it has established business councils with seven other Latin America countries since 2008.¹⁹

In addition to these, many more examples can be given, and each one of these examples can be examined in depth to discuss the role of economic factors in the foreign policy transformation of Turkey during the AK Party government period. However, the limits of this dissertation do not allow this; therefore, only one example

¹⁸ Information received from the Ministry of Foreign Affairs, 18.3.2013.

¹⁹ Source: DEİK, <http://www.deik.org.tr/#>, 1.4.2013.

will be briefly analysed in this chapter to better show the connection between economic factors and foreign policy formation.

4.2.1 Developing Relations with Africa

During the 1990s, Turkey mainly followed a defensive foreign policy under the rule of weak coalition governments and was not capable of following a proactive and assertive foreign policy in regions such as Africa. However, after the 2001 economic crisis, as the Turkish economy began to recover and grow, Turkish exporters (mainly the Anatolian Tigers) started to search for profitable new markets for their products and the African market presented a new opportunity for the SMEs of Anatolia. Africa is geographically close to Turkey and there are cultural and religious affinities and also historical links between Turkey and Muslim parts of Africa. Turkey's alleged lack of a colonial past was another advantage for Turkish businessmen to conduct business in African countries (Wheeler 2011).

Therefore, following the 2001 crisis, Turkey's trade and investment links with Africa began to grow and this trend strengthened after the current economic crisis in the Eurozone since Turkey has increasingly desired the diversification of its export markets. Turkey's exports to Africa, which were 1.7 billion US dollars in 2002, reached 13.4 billion US dollars in 2012. Accordingly, the trade volume between Africa and Turkey increased to 19.3 billion US dollars, from 4.4 billion US dollars, in the same period.²⁰ Furthermore, the level of investment by Turkish firms in Africa has increased in the last decade as well. To give some examples, Turkish construction

²⁰ Source: Ministry of Economy, <http://www.ekonomi.gov.tr/index.cfm?sayfa=7145D543-D8D3-8566-4520DFB6CC4A86BA>, 22.3.2013.

companies undertook 39 projects worth 4.2 billion US dollars in Africa in 2012.²¹ In 2011, the Turkish firm Arçelik, a white-goods manufacturer, bought Defy, a South African equivalent, for 325 million US dollars (Financial Times 2013).

These developing economic ties of Turkey with Africa were also reinforced by the increasing activities of Turkish NGOs in the region such as the Fethullah Gülen movement and the IHH Humanitarian Relief Foundation. For instance, the Gülen movement was reported to be running 60 schools in 30 African countries as of 2010 (The Economist 2010). Increasing economic and social links between Africa and Turkey, together with the active lobbying of Turkish businessmen, pushed the AK Party government to reformulate Turkey's foreign policy towards Africa. Ahmet Ciğer, TUSKON's deputy president, underlined this by saying "TUSKON's activities showed the importance of African market for Turkish exporters and accelerated the opening of new embassies in many African countries which Turkish diplomacy had not attached importance to before" (İŞTENHABER 2010).

Although the Ministry of Foreign Affairs prepared an Africa action plan in 1998, the opening up of Turkey to the continent gained momentum only in 2005, which was designated "the Year of Africa" in Turkey. The remarkable point is that between 2002 and 2005, Turkey's exports to Africa increased more than two-fold. In March 2005, Prime Minister Erdoğan became the first Turkish premier to visit sub-Saharan Africa when he visited Ethiopia and South Africa. After this visit, high-level visits between Ankara and Africa have continued and at a growing rate. For example, President Gül visited eight countries in sub-Saharan Africa between 2009 and 2011. Prime Minister

²¹ Source: Ministry of Economy, [http://www.ekonomi.gov.tr/upload/1716ACC7-984B-A973-A04F725D556CEF47/M%C3%BCteahhitlik%20Notu%2006%2002%202013%20\(2\).pdf](http://www.ekonomi.gov.tr/upload/1716ACC7-984B-A973-A04F725D556CEF47/M%C3%BCteahhitlik%20Notu%2006%2002%202013%20(2).pdf), 22.3.2013.

Erdoğan visited Somalia, South Africa, Gabon, Niger and Senegal between 2011 and January 2013. On the other hand, between only 2009 and 2012, 16 African heads of state or government visited Turkey.²² Furthermore, Turkey hosted a Turkey-Africa Cooperation Summit in Istanbul with the participation of 50 heads of state or government or their representatives from the African continent on 18-21 August 2008. The second Africa-Turkey Summit will be held in Africa in 2013. In addition, the African Union granted Turkey observer status in 2005 and strategic partner status in 2008.

The number of Turkish embassies on the continent increased from 12 to 34 between 2002 and April 2013 (Davutoğlu 2013). To support businessmen's efforts, the government holds regular joint economic commission meetings with Ethiopia, Mali, Sudan, the Democratic Republic of Congo, Djibuti, Burkina Faso, Senegal, Kenya, Nigeria, Uganda, Mali and Ghana and is planning to establish joint economic commission meetings with 14 other African countries in the near future.²³ In 2008, Turkey became an out-of-region partner of the African Development Bank in order to provide finance to Turkish companies investing in African countries (Wheeler 2011). Finally, Ankara prepared a Strategy Document towards Africa with the contribution of all relevant Turkish authorities in 2010 and a "Coordination Committee for Africa Strategy" was established under the chairmanship of the Ministry of Foreign Affairs.²⁴

On the other hand, Ankara has also improved the transport and communication channels between Turkey and Africa to support Turkey's Africa initiative. For instance, Turkish Airlines has increased its flying destinations to 34 (across 26 African

²² Information received from the Ministry of Foreign Affairs, 18.3.2013.

²³ Information received from the Ministry of Foreign Affairs, 18.3.2013.

²⁴ Information received from the Ministry of Foreign Affairs, 18.3.2013.

countries).²⁵ In addition to this, TİKA and Turkish NGOs have increased their humanitarian and development assistance to the continent in recent years. TİKA is conducting its operations in the fields of health, agriculture and education in 37 countries. Turkey's official development assistance to sub-Saharan Africa increased from 102 million to 156.4 million US dollars from 2010 to 2011 (Davutoğlu 2013).

Turkey's Africa initiative, which was initially encouraged by the business community, has been actively supported by business associations as well. To give some examples, since 2008, DEİK has established business councils with ten new African countries and the total number of DEİK's business councils with African countries reached 17 as of March 2013.²⁶ TUSKON regularly organizes business forums in various countries of Africa and an annual Turkey–Africa Foreign Trade Bridge gathering in Turkey with the support of the Ministry of Economy. The 7th Turkey–Africa Foreign Trade Bridge, held in Istanbul on 16 December 2011, was attended by almost 350 African businessmen.²⁷ TUSKON also regularly sends business delegations to Africa to search for new trade and investment opportunities.

As a consequence of Turkey's efforts, which started with the initiatives of Turkish businessmen and the strengthening of economic links between Africa and Turkey, Turkey-Africa cooperation has been significantly advanced and Turkey's visibility on the continent has improved in the last decade. The support of 50 African countries, out a possible 53, for Turkey's candidature for a non-permanent seat on the 2009-2010 United Nations Security Council was a clear indicator of this. Moreover, the number of

²⁵ Source: Turkish Airlines, <http://www.turkishairlines.com/tr-tr/ucuslar/index.aspx>, 1.4.2013.

²⁶ Source: DEİK, <http://www.deik.org.tr/#>, 1.4.2013.

²⁷ Source: TUSKON, <http://www.tuskon.org/?p=contentandgl=faaliyetlerandcl=faaliyetandi=79>, 2.4.2013.

African embassies in Ankara reached 21 in 2012; 12 other African countries have decided to open embassies in Turkey in the near future (Davutoğlu 2013).

CHAPTER 5: CONCLUSION

In the last decade, Turkey has followed a new proactive foreign policy, one which is more confident, assertive and independent. Thanks to this new foreign policy, Turkey has become an important actor in its region and a more visible global player in international politics. Turkey has improved its relations with its neighbouring countries and advanced its representation on international platforms. For instance, while Turkey was a non-permanent member of the United Nations Security Council in 2009, the general secretariat of the Organization of Islamic Cooperation was the Turkish national Ekmeleddin İhsanoğlu. Within the parameters of this new foreign policy, Turkey has also increasingly used trade and investment links as foreign policy tools and has developed its economic ties with its surrounding regions.

In addition, as a consequence of structural reforms initiated after the 2001 economic crisis, the Turkish economy has gone through a transformation in the last decade as well. Macroeconomic stability has been established and the Turkish economy has been one of the fastest growing economies in the world over the last decade.

This study has investigated whether there is a correlation between the transformations in the economy and in foreign policy during the AK Party government period. In this study, my aim was to look at Turkish foreign policy from a political-economy perspective and to investigate the economic drivers of this new foreign policy activism.

In the aftermath of the 2001 economic crisis, the Turkish business community aimed to integrate more with the global economy and become a competitive player in the international markets to survive and grow in the new and stronger political-

economy framework of Turkey. Accordingly, they asked the AK Party government through their business associations, for a proactive foreign policy conducive to the realization of their economic demands and favouring more economic integration of Turkey with its surrounding regions. As a result of better business-state communication and partnership, the AK Party government positively responded to their demands and began to follow a proactive foreign policy, one which is also in line with the party's own foreign policy vision.

This foreign policy helped the development of Turkey's trade and investment links and contributed to its increasing economic incorporation into the rest of the world. The increasing economic links of Turkey have also resulted in other factors further affecting Turkish foreign policy, such as the multiplication of dialogue channels between Turkey and abroad and changing perceptions of foreign societies towards Turkey. As a consequence of these developments, Turkey has stopped viewing its neighbourhood through the lens of security, as security-related issues have ceded priority to economic issues on the Turkish foreign policy agenda. Turkey has also endeavoured to establish stability beyond its borders through economic means as this is required by the integration of its economy with global markets.

This change in mind-set in Turkish foreign policy has led to the increasing use of policy tools towards economic integration, such as development aids and trade, transport and visa agreements. This has also caused a transformation within the structure of foreign policy-making in Ankara. The relative importance of economy-related state institutions, business associations and NGOs has increased in foreign policy formation at the expense of the army and the Ministry of Foreign Affairs. Business associations such as DEİK, TİM, TUSKON, MÜSİAD, and TÜSİAD have

become significant actors in Turkish foreign policy. In addition, economic issues have gained more importance within the Ministry of Foreign Affairs.

Finally, these developments have resulted in an overall transformation in Turkish foreign policy that resembles the general features of complex interdependence theory. The high politics versus low politics dichotomy has ended: economy-related issues have mostly dominated the foreign policy agenda of Turkey over the past decade. This has also brought about a relative decrease in the importance of military power in Turkey's relations with other countries and, accordingly, diplomats, politicians and army officers have begun to lose their monopoly over Turkey's foreign policy.

This study has contributed to the existing literature by analysing the economic drivers of the Turkish foreign policy transformation during the AK Party period in light of recent data and the latest foreign policy developments. This study has looked at the role of economic factors from a relatively broad perspective and has not focused on one specific economic factor. In this regard, the findings of this dissertation have echoed those of other authors who have previously examined the role of economic factors in Turkish foreign policy activism (e.g. Kutlay, 2011, Kirişçi, 2009 and Renda, 2011). This study has also contributed to the existing literature by shedding light on the impact of economic factors on the foreign policy-making process in Turkey. This study has also demonstrated that Turkey's growing economic links and continuing dependency on international financial markets have forced it to work towards political stability both within and outside its borders.

However, since this study has mainly focused on the increasing role of businessmen in foreign policy-making and on the growing economic links of Turkey, it has not examined the role of other economic factors in Turkish foreign policy, such as energy or tourism. Another limitation of this study is that it has not adequately covered the influence of global economic developments on Turkish foreign policy.

There are manifold reasons for the Turkish foreign policy activism in the last decade and discussing the economic drivers of it only tells part of the whole story. As Keohane and Nye (1977) state, "...both complex interdependence and the realist portrait are ideal types. Most situations will fall somewhere between two extremes" (Keohane and Nye 1977: 24). Accordingly, this dissertation and complex interdependence theory does not show the entire reality or all the aspects of the transformation in Turkish foreign policy. The study also does not underestimate the importance and explanatory power of realist and constructivist theories. On the contrary, this dissertation has been written to complement the other explanations given for the transformation of Turkish foreign policy.

Apart from this, the political developments in the Middle East during the "Arab Spring" have had an outstanding impact on Turkish foreign policy in the region in the last two years, and the implementation of a "zero problems with neighbours" policy has been amended to fit the political realities of the Middle East. For instance, Ankara currently has serious disagreements with Damascus, Baghdad and Tehran. If one analyses the current picture of Turkish foreign policy—which is dealing with the consequences of the "Arab Spring"—and places security-related issues at the top of its foreign policy agenda regarding the Middle East, counterarguments to this dissertation's findings can be easily produced. However, for a better analysis in

international politics, the processes—rather than pictures of specific periods—should be examined.

When considering the last three decades of Turkish foreign policy, it can be seen that if the current transformation in the Arab world had occurred in the 1980s or 1990s, Turkey would have preferred to stay outside the political developments in the Middle East as much as possible. However, current Turkish foreign policy has become deeply involved in the troubles of the Middle East and has endeavoured to guide developments according to its national interests. The main reason behind this difference lies in the transformation of Turkish foreign policy during the 2000s. Due to its economic and political interests, Turkey aims to create a stable, peaceful and prosperous region in its neighbourhood which is economically integrated as well. Turkey is also aware of the fact that if it aims to be a leading country in the region and create an economically integrated neighbourhood, and one which is essential for the future of the Turkish economy, it has to guide the current transition in the region and should not leave the future of the region in the hands of other regional and global actors.

Therefore, the current Turkish foreign policy regarding its neighbours in the Middle East does not indicate that Turkey's foreign policy transformation over the past decade, which attaches equal or even more importance to economic issues on the foreign policy agenda, has ended and that Turkey has started to view its neighbourhood through the lens of security again. While Turkey is dealing with its immediate security concerns stemming from the civil war in Syria, it is also helping the Arab countries in transition to build their national economies on a better basis by considering the future of the regional economy. For instance, Turkey has recently

provided credits worth 1.4 billion US dollars to Egypt, Libya and Tunisia to be spent on capacity-building in these countries. Turkish government institutions have also provided technical support to the state institutions of transition countries in the Middle East for the same purpose.²⁸ At the moment, it is difficult to predict the eventual outcome of the transformation in the Arab world and the future of Syria; however, it is obvious that whatever the end result of these developments, the results are bound to affect Turkish foreign policy while creating room for further research in this area.

²⁸ Information received from the Ministry of Foreign Affairs, 12.3.2013.

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