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## The Belt Road Initiative: Prospects and Threats for Turkish Economy

### Bir Kuşak Bir Yol Girişimi: Türkiye Ekonomisi İçin Beklentiler ve Tehditler

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#### ABSTRACT

The One Belt One Road initiative, a milestone strategy by Chinese President Xi Jinping is expected to bring economic benefit to its all member countries. Being part of the project, it is expected that it would be profitable for Turkey too. Besides the membership position, Turkey is geographically important country; thus an important part of BRI project as China's goal to be connected with Europe through land surface would be implemented using land area of Turkey. The study aims to make an overall study of the BRI project, identifying the prospects and threats of it in respect of Turkish economy. Whole study is based on secondary sources of information collected especially from different articles and online publications of different organizations. The study recommends that if Turkish government can take sufficient precautions and proper initiatives against the potential risks of adverse impacts of BRI projects, it can also be an effective tool to develop Turkish economy; proper utilization of the opportunities will drive the economy to a better height through reducing unemployment rate, attracting Foreign Direct Investments (FDI), more industrializations, development of potential sectors (tourism, agriculture, energy) etc. Extracting the highest benefit is not easy as there are many uncontrollable factors. Still Turkey's timely decision and goal oriented initiative can help reducing the risks, overcoming the obstacles and haul out benefit to the most.

**Key words:** Belt- Road Initiative, Prospects, Threats, Turkey.

#### ÖZET

Çin Devlet Başkanı Xi Jinping'in bir kilometre taşı stratejisi olan Bir Kuşak Bir Yol girişiminin tüm üye ülkelere ekonomik fayda sağlaması bekleniyor. Projenin bir parçası olarak Türkiye için de projenin karlı olması bekleniyor. Türkiye, üyelik konumunun yanı sıra coğrafi olarak da önemli bir ülkedir; Çin'in Avrupa ile kara yoluyla bağlantı kurma hedefi olarak BRI projesinin önemli bir kısmı Türkiye'nin arazi alanı kullanılarak uygulanacaktır. Çalışma, BRI projesinin Türkiye ekonomisi açısından beklentilerini ve tehditlerini belirleyerek genel bir çalışma yapmayı amaçlamaktadır. Tüm çalışma, özellikle farklı makalelerden ve farklı kuruluşların çevrimiçi yayınlarından toplanan ikincil bilgi kaynaklarına dayanmaktadır. Çalışma, Türk hükümetinin BRI projelerinin potansiyel olumsuz etkilerine karşı yeterli önlem ve uygun girişimlerde bulunması halinde, Türk ekonomisini geliştirmek için de etkili bir araç olabileceğini; fırsatların doğru kullanımı, işsizlik oranını düşürmek, Doğrudan Yabancı Yatırımları (DYY) çekmek, daha fazla sanayileşme, potansiyel sektörlerin (turizm, tarım, enerji) geliştirilmesi vb. yoluyla ekonomiyi daha iyi bir seviyeye taşıyacaktır. kontrol edilemeyen birçok faktör vardır. Yine de Türkiye'nin zamanında karar ve hedef odaklı girişimi, risklerin azaltılmasına, engellerin aşılmasına ve en fazla faydanın sağlanmasına yardımcı olabilir.

**Anahtar Kelimeler:** Bir Kuşak Bir Yol Girişimi, Beklentiler, Tehditler, Türkiye.

## 1. INTRODUCTION

Turkey is the 17<sup>th</sup> largest economy based on nominal GDP (IMF, 2019). It is also an emerging economy with multifarious potentials and its geographical position is in favor of its development phase. Not only that, Turkey is an important country for Asian and European nations too; economically, culturally and geopolitically as it is the connecting bridge between Asia and Europe. China, one of the very fastest growing economies has captured its market all over the world. A few years ago, in 2013 Chinese President Xi Jinping undertaken a policy namely The One Belt One Road (OBOR), also known as The Belt Road Initiative (BRI) or modern Silk Road. This initiative is a way to promote economic development and co-operation with the countries under the coverage of it. Basically it has been designed to reform the economic and political order in Central Asian and the Asian Pacific regional countries by encouraging a network of trade routes, political cooperation, and cultural exchange (Zimmerman, 2015). The OBOR project is considered as a mega project, which covers two-thirds of the global population and three-fourth of the energy resources (Wolff, 2016). The main objective of this project is to connect China with its Asian neighbor countries, Middle-Eastern countries, Russia, some African and European countries. The OBOR initiative contains two programs; 1) The Silk Road Economic Belt and 2) The 21<sup>st</sup> Century Maritime Silk Road. The Silk Road Economic Belt has six (6) economic corridors through which China will get connected to its member countries through Highways or railways or pipelines. The 21<sup>st</sup> Century Maritime Silk Road is also planned connecting ports namely: Kuantan, Kyaukpyu, Jakarta, Batam Island, Colombo, Hambantota, Gwadar, Djibouti (near red sea); Mombasa and Piraeus. It covers 65 countries in total under this initiative (Lehman Brown International Accountants).

Turkey, because of its geographical position becomes an important player in this initiative. Some issues related to Sino-Turkey relationship, makes this collaboration doubtful, debate prone regarding its effectiveness in Turkey; but Turkish President Recep Tayyip Erdoğan's declarations and his visits to China removes the suspicion, and gives a positive signal about the positive impact of this initiative on Turkey.

Various project papers and articles related to the One Belt One Road reveals that this project is extremely important to China. The benefit that would be derived from this initiative, lion share of it will go to China. China is saying that it is a win-win benefit project; but the extend of benefit to each and every country besides China should be considered of. The role of Turkey in uniting continents (Asia, Europe and Africa) gives it a special position in the standpoint of other countries; economically and politically. This study presumes to see the One Belt One Road initiative from a different outlook. The prime objective of the study is to evaluate and study the One Belt One Road initiative from Turkish perspective, identifying the potentials and threats for Turkish economy. It only focuses on the economic aspect of the BRI project. Political and cultural aspects are out of the study area. Considering the positive outcomes of the project the Belt Road Initiative seems feasible for Turkey. There are some big threats that can lessen or diminish the benefit of it. Proper and effective strategies should be applied to enjoy the blessings of the project and avoid unwanted attempts by the fellow countries. Considering the usefulness of BRI, the study suggests to utilize the opportunity with proper plan and actions so that long term benefits of it can be assured and threats can be minimized and/or avoided at the same time.

## 2. WHAT IS BELT ROAD INITIATIVE?

Chinese President Xi Jinping launched a project in 2013 aiming developing connectivity and co-operation with the countries located in Asia, Africa and Europe, which will ensure mutual benefit (win- win situation) of the particular regions. This project is known as One Belt One Road (OBOR) or Belt Road Initiative (BRI).

OBER's vision is connecting the people over the world from political, economic and cultural perspective (Haggai, 2016). Connecting to the vision, the key goals are policy coordination, improving connectivity, promoting trade, financial integration and people-to-people bonds among the partner countries (Aris, 2016 & Huang, 2016). China's strategic priorities in BRI initiative are also listed as: 1. Supporting China's "Go Global" policy; 2. Increasing exports to BRI countries; 3. Promoting industrial restructuring; 4. Strengthening China's geopolitical role; 5. Strengthening the RMB's global role and 6. Reducing industrial oversupply (Baker Mckenzie, Belt Road Report, 2017). To reach the goal, the initiative focuses on extending its support and service on sectors like energy, infrastructure, transport, aviation, logistics, agriculture, and communications (Friends of the Earth US, 2016)

Through BRI initiative China plans to extend its network where it would be connected with the target countries using land surface and water way. Thus, it has two main components; the land surface connecting China to Asian countries (Southeast Asia, South Asia, West Asia and the Middle East) and onward to Europe is named as the "The Silk Road Economic Belt". The sea road starting from China, crossing the countries of South East Asia, the Gulf countries, East and North Africa, and finally reaches to Europe is named as "The 21<sup>st</sup> Century Maritime Silk Road" (Deloitte Insight, 2018). Following map shows the countries under the umbrella of OBOR initiative:

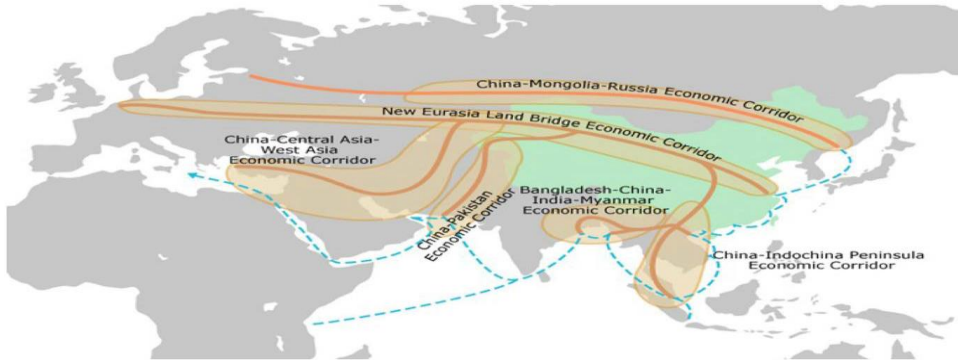


Source: Orissapost (2017)

Figure 1. Areas covered by One Belt One Road

Silk Road Economic Belt consists six economic corridors:1) The New Eurasia Land Bridge; 2) The China-Mongolia-Russia Economic Corridor; 3) China-Central Asia-West Asia Economic Corridor; 4) China-Indochina Peninsular Economic Corridor; 5) China-Pakistan Economic Corridor and 6) Bangladesh-China-India-Myanmar Economic Corridor (Lehman Brown International Accountants). Using these corridors, networks of rail routes, roads, waterways, pipelines and information highways that link industrial and energy clusters are planned to be established (Das 2017).

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: HKTDC (2017)  
Figure 2: Economic corridors of One Belt One Road.

BRI initiative also connects eight key ports of the member countries under 21<sup>st</sup> century Maritime Silk Road. Those are: 1) Kuantan (Malaysia); 2) Kyaukpyu (Myanmar); 3) Jakarta and Batam Island (Indonesia); 4) Colombo and Hambantota (Sri Lanka); 5) Gwadar (Pakistan); 6) Djibouti (near red sea); 7) Mombasa (Kenya) and 8) Piraeus (Greece).



Source: Lehman Brown International Accountants  
Figure 3: Key Port Cities of 21<sup>st</sup> century Maritime Silk Road

The “Silk Road Economic Belt” is also considered as a revival of the old land-based Silk Road as it connects China to the countries that are under the coverage of the Silk Road Economic Belt. For this, it is also familiar as the Modern Silk Road (Andrea, 2014).

China has undertaken many projects till now to reach the BRI goal. Chinese based institutions financed most of the projects. Following table shows the picture of China’s support in accomplishing the infrastructure goal under Belt Road Initiative:

Institution Name	Contribution
China Development Bank	It supported 400 projects in 37 countries which worth USD 110 billion
China Exim Bank	It supported more than 1000 projects in 49 countries which worth USD 80 billion.
Agricultural Development Bank of China	Supports Silk Road Fund and works for Chinese companies.
Industrial and Commercial Bank of China	Funded 212 BRI-related projects to a total of USD°67.4 billion to date.
Bank of China	Expected to have BRI-related project loans totaling USD°100 billion by the end of 2017.
Silk Road Fund	The syndicate formed in combination with the Silk Road Fund, the Export-Import Bank of China, the Chinese Development Bank and the International Finance Corporation has provided a USD°200 million loan to the BRI project.
China Construction Bank	According to MofCom it has provided USD°10 billion to BRI projects.
New Development Bank (NDB)	In November 2016, NDB approved a USD°350 million loan in regions along the Belt and Road Initiative area.
Asia Infrastructure Investment Bank (AIIB)	By December 2016, AIIB had approved nine infrastructure projects totaling an investment cost of USD 1.73 billion. The nine projects are in the Belt and Road Initiative area, namely Tajikistan, Bangladesh, Pakistan, Indonesia, Myanmar, Oman and Azerbaijan. The projects mainly focus on energy, transportation and slum upgrading. The newest approved project is named as the Trans-Anatolian Natural Gas Pipeline Project (TANAP) in Azerbaijan. This project as part of the Southern Gas Corridor of the European Union, will transport natural gas in the Caspian Sea to Europe via Turkey. It needs fund of USD 8.6 billion.

Source: Chinese Academy, et al., (2017); Reuters (2017); US-China ESRC (2017); Silk Road Fund,; MOFCOM and OECD Business and Finance Outlook (2018)

### 3. WHY IS BELT ROAD INITIATIVE IMPORTANT?

#### 3.1. For Chinese Economy

There are 65 countries along the Belt and Road (Lehman Brown International Accountants). China's connectivity with the member countries will provide manifold benefits to China like:

- ✓ China is one of the fastest growing economy in the world. It is dominating approximately 10% of the world economy (Yıldırımçakar, 2019). Connectivity through BRI will help China expanding its business base crossing the border of the country and help securing more strong position economically in the BRI regime.
- ✓ China has surplus capacity in sectors like steel, cement. BRI project will offer suitable marketing opportunities to China (Akçay, 2017) so that it can minimize its surplus capacity through selling them to member countries.
- ✓ China is the world's second largest oil importing country. Most of it comes from the Middle East. It needs to rely on maritime route but the control of Malacca Strait and the South China Sea is constrained. Therefore, BRI initiative will bring an alternative route for china reaching the oil. Moreover, it will ease its way to Europe to deliver its produced products (Akçay, 2017)
- ✓ Financiers of BRI are mostly from China. Infrastructure development financing in the BRI region will declare China's strong standing/position in those regions. Thus, China will have significant influence on policies and legislations of the BRI countries. As BRI's aim is to ensure mutual benefit of the related countries without hurting the sovereignty of others, it is expected that China will act fairly from all aspects and will be just in using its supremacy.
- ✓ China's all provinces are not equally developed. For example, Xinjiang Uygur autonomous region of Xinjiang, and Gansu, Tibet, and Qinghai are very poor. One goal of BRI is to decrease economic disparity and encourage development in the west and the northeastern provinces of China (OECD Business and Finance Outlook, 2018). BRI is planned in a way that connect some underdeveloped areas of China with the related countries/node countries through different corridors and ports. It will facilitate balanced development of the regions within China and reduce economic disparity among different provinces with the successful implementation of the project.
- ✓ China already has worldwide Foreign Investments including BRI regions. Co-operations and friendly policies will help China to extend its investment circumference over the BRI countries. This will help China having abundance of business and income potential in the BRI countries.
- ✓ One of the specific objectives of BRI is implementing free trade zones along the Silk Road (13th Five Year Plan). If it is executed, China can capture market easily in the BRI countries as Chinese products have good demand in those countries. This will increase inflow of money for China.
- ✓ Deloitte Insights also summarized a number of benefits for China under BRI. Those are:
  - Generating chances to produce greater returns on massive exchange reserves of China.
  - Aiding China's SOEs in construction and engineering to spread out foreign countries searching for more work and higher returns.
  - Ensuring China's surplus industrial capacity is exported to regional markets directly or indirectly and sending higher value added components goods like machinery and telecoms equipment abroad.
  - Boosting the internationalization of the Renminbi (Chinese Yuan).
- ✓ China is the leading importer for EU (Eurostat Comext - Statistical Regime 4). The implementation of BRI construction projects will enable China to send products to European countries more quickly. Thus will strengthen its business base with European countries and help sustain its leading position in Europe.

#### 3.2. For Related Countries

Haggai (2016) mentioned that OBOR initiative has enormous potential in encouraging economic development in the partner nations. Lu et al. (2018) in a report published by Rand Europe asserts that multimodal transport infrastructure and connectivity is key to boosting international trade and economic growth. They provided some important points that are beneficial for an economy. Those are listed below:

- ✓ Good transport infrastructure lessens the transport costs, enables trade flow and attracts Foreign Direct Investment.

- ✓ Effective transport infrastructure enables industrialization.
- ✓ Well transport infrastructure and logistics facilitates regional economic integration.
- ✓ Improved transport infrastructure encourages development, aggregates regional and national welfare. Studies made by Banejee et al .(2012); Bird and Straub (2014); Donaldson (2016) and Donaldson and Hornbeck (2015) are in support of the statement that there exists a positive relationship between transport infrastructure improvement and national welfare.

Asian countries total infrastructure needs contain 56% for power sector, 32% for transport sector, 9% for telecommunication sector and 3% for water and sanitation (ADB, 2017). OBOR mostly focuses on developing connectivity with the member countries through roads, railways, waterways, pipelines and information highways. OBOR initiative will help the countries in filling up their need through the support under this project. The real welfare is dependent on many other factors, but based on the points mentioned above, it is expected that transport infrastructure development across BRI regions will also be beneficial to the related countries. A study in association with the World Bank released the future perspective of the BRI project. According to the study transport infrastructure will reduce the cost of both BRI corridor economies and non-Belt and Road economies. This project will facilitate export and reduce trade cost by enabling exporting firms to buy inputs at cheaper prices. Non- Belt and Road countries will also avail the facility by using the transport network. It will also enhance the FDI flows to the corridor economies as corridor economies would be able to facilitate faster trade among themselves and non- Belt and Road countries too. Decrease in trade cost will upsurge/lift the real GDP too and in this issue, upper middle-income countries and low-income countries in the corridor are expected to be the most beneficial. Moreover, BRI could have an optimistic role in reducing extreme poverty level in the countries like Pakistan, Bangladesh, Kenya, Tanzania etc.

OBOR project is expected to be very useful for European countries too. Many BRI corridor countries like Russia, Turkey, India, Bangladesh, Pakistan, Qatar, UAE, Thailand, Azerbaijan, Kazakhstan etc. including China have trade relationship with European Union. In fact, China has a very strong trade relationship with European Union. Following table shows a glimpse of European Union's top 10 trade partner countries with the amount of trade in the year 2018:

Table: Glimpse Of European Union's Top 10 Trade Partner Countries

Total Trade of EU		Imports of EU		Exports of EU	
Country	Amount (in Million Euro)	Country	Amount (in Million Euro)	Country	Amount (in Million Euro)
USA	675 541	China	394 404	USA	407 063
China	604 233	USA	268 478	China	209 829
Switzerland	265 473	Russia	167 807	Switzerland	156 471
Russia	252 990	Switzerland	109 002	Russia	85 183
Turkey	153 341	Norway	83 819	Turkey	77 262
Norway	137 723	Turkey	76 079	Japan	64 625
Japan	134 338	Japan	69 712	Norway	53 905
South Korea	99 948	South Korea	50 379	South Korea	49 569
India	91 459	India	45 784	India	45 675
Canada	72 421	Vietnam	38 173	Canada	41 420

Source: Eurostat (Comext, statistical regime 4), Directorate General for Trade, European Commission.

Above table shows that in 2018 China is in the first position in respect of import and in the second position in respect of export of EU. It is also in the second position in respect of total trade of EU. Therefore, its closeness to China and smoothness of trading activity is really important for EU. BRI projects will shorten and smoothen the distance between Europe and China. This will positively affect the trade relationship between them and bring out economic benefit for the countries. Not only this, Corridor economies like Russia, Turkey, India etc. also would enjoy huge benefit through this connection and enhance their trading activities with Europe.

#### 4. WHY IS TURKEY IMPORTANT FOR BRI PROJECT?

Turkey is considered as the doorway to the Middle East, Central Asian and North African countries; thus has a central position in the OBOR project in terms of land, sea and air transportation (Akçay, 2017). It is also considered as one of the most vital countries in the land belt as it serves as a connecting –bridge and energy center between Asia and Europe. (Yıldırımçakar, 2019). Turkey is known as a key prospective country for energy transportation between Asia, Europe and Middle East Since 1990 (Wuensch, 2015). Baku-Tbilisi-Kars railway line is another milestone in connectivity network. This railway line will shorten and ease journey from China to Europe. By the grace of this route Journey from China to Europe will reduce by approximately 7 thousand kilometers. Not only this, sea route in Turkey is also very important to connect Asia, Africa and Europe. That's why China is interested

in investment for maritime connectivity development under “The 21st Century Maritime Silk Road” project. As part of this Chinese companies are also interested in investing in Turkish ports. In this aspect, Kumport, Çandarlı and Mersin port attracted Chinese people much. (AKÇAY, 2017). Turkey’s connectivity will provide benefit to all the countries those are in the connectivity line like South Asian, South East Asian, Central Asian and Middle Eastern and some African countries. Those countries would be able to have an easy trade relationship with Europe in terms of transportation.

## 5. WHY IS BRI IMPORTANT TO TURKEY?

Turkey is one of the fastest emerging economies of the world. Appropriate policies and strategies regarding economic activities, international relations and politics will help Turkey lifting its status uninterruptedly. Turkey’s geographical location gives it the advantage to act as a key player in the connectivity network between China and Europe. BRI project will give China numerous benefits through connecting China with its input importing countries and so to exporting countries. Turkey is the connecting link in this situation. So Turkey can be benefited to a greater extend if it can use this opportunity properly. Not only this; if Turkey can use its geographical location properly and establish proper synergies with other player in the region; it can truly proof itself as a Eurasian transport hub (ATLI, 2018). Moreover, Turkey is blessed with one of the speediest growing energy markets in the world. So investment opportunities in mining and energy sector can be explored here. Foreign investments under BRI project can be a useful alternative to investors and so to Turkey. Turkey has an intention to work with China in the fields of green technologies and nuclear power (Wang, 2017). BRI project can be a fruitful medium to bring them together and make a good partner of each other. Much of this, Turkey has a stable and developing relation with Pakistan and Iran. Recently Pakistan bought 30 Turkish made Helicopters (Pakistan Defence Forum). Considering it as the beginning, Turkey can continue its business relationship with Pakistan. Besides this, it can search for new market for Turkish products in Asian regions. BRI covered infrastructure projects can make this easier. Turkey is prioritizing to have to the bilateral and multilateral relations with China, Central Asia and neighbor countries (Ünay,2017), the new Silk Road project will help Turkey in having a good relation with the corridor countries. At Present, Turkey’s adverse/ negative relation with USA and Turkish President Erdoğan’s declaration reveals that Turkey consider Shanghai Cooperation Organization (SCO) more powerful and better than European Union (Wang, 2016). So Turkey can build up a good relation with China actively participating in BRI activities either providing funds for BRI projects or doing multilateral agreements with China related to trade or infrastructural activities. Turkey’s several projects like Marmaray, Yavuz Sultan Selim Bridge, Eurasia Tunnel, Çanakkale 1915 Bridge, 3rd Airport under OBOR initiative are some examples of Turkey- China’s friendly relationship. Now a days the Edirne-Kars High-Speed Railway line is recognized as one of the important steps under OBOR project and now the Baku-Tbilisi-Kars Railway Line is shown as the biggest infrastructure project in the scope OBOR initiative in Turkey. It is one of the important steps taken within the scope of the project. Turkey consider the new Silk Road project very importantly and believe that that it is providing Turkey the chance to reinforce its economic, social and political relations with China and Middle Asian countries and to find allies alternative to the EU and the US (AKÇAY, 2017).

## 6. POTENTIAL IMPACTS OF BRI ON TURKISH ECONOMY

### 6.1. Positive Impacts

According to the report of Trading Economics, unemployment rate in Turkey was 13% in June 2019 and average unemployment has been recorded as 10.24% from 2005 until 2019. The trend is upward sloping till 2019. BRI projects can be helpful in reducing unemployment rate. Turkish government’s well planned strategies and initiatives in a timely manner can be helpful in this aspect. Turkey’s current projects with China has created work opportunities in the infrastructure development level. More projects may be agreed upon between China and Turkey to ensure mutual benefit of the countries.

Turkey has trade potentials in energy, mining, real estate, machinery, agriculture, automotive and tourism sector (Invest in Turkey). Invest in Turkey has provided a plenty of useful information about the potential sectors of Turkey. Some examples are: i. Turkey is the 15<sup>th</sup> biggest in the world and 5<sup>th</sup> biggest in Europe in the automotive manufacturing by the end of 2018. In addition, it is in the 2<sup>nd</sup> position in producing commercial vehicles (CVs) in Europe. Turkey’s connectivity to Europe will help Turkey sending product easily with less time. More FDI will enable Turkey producing much products and capturing new markets in Europe; also in Asian, African and Middle Eastern countries. ii. Turkey’s agricultural products have huge demand in the Eastern Europe, Middle East, and North Africa (EMENA) region. In 2016 it exported 1781 kind of agricultural products in more than 190 countries. More FDI in this sector can help producing more agricultural products and lift export revenue. OBOR initiative will make it easier for Turkey to transport products easily with cheaper cost. iii. Because of Turkey’s strategic position,

it acts as the energy hub between the number of major energy consumers and suppliers. It is termed as the energy corridor and terminal of Europe. Turkey's energy sector is growing very fast. China is one of the biggest importers of energy. Business deal with china will help Turkey earning more money and BRI connectivity would be very useful. Already it's been determined that Infrastructural developments of Turkey will reduce the journey time between China and Turkey and ease the connectivity process. This will also ease Turkey's business in China if favorable policies are agreed upon. iv. Turkey is the 10<sup>th</sup> most popular tourist place around the world. It attracted more than 38.6 million tourists in 2017. It has an annual target 50 million tourist arrivals by 2023. To reach the goal Turkey needs to meet the accommodation deficits and other service requirements in the tourism sector. Therefore, Turkey has huge potential in this sector if it can develop this sector. It needs funds to meet its financial needs for the development activities and for this FDI is really appreciated by Turkey. BRI can be helpful in this aspect as its one of the main goals is people-to-people connectivity. More tourists can develop cultural connectivity with the countries.

Through the benefit of the OBOR initiative, Turkey would be a good destination for the foreign investors because it would be easier for them to reach the importers easily. Turkey will be beneficial in this process, as it would add value in Turkish economy by reducing unemployment rate, increasing trade inflows, lifting up industrialization, generating more incomes and many more.

Easy connectivity with the input importing countries will reduce the transportation cost of Turkey. Less production cost due to less import cost will help Turkey increasing its competitiveness with the giant competitors. Less transport time will fasten up production of goods and delivery of finished products to the buyers. This will help Turkey attracting more customers in the corridor economies. BRI can be proved as a useful tool for Turkey reaching and creating market for Turkish products in corridor economies; especially in Bangladesh, Pakistan, India, Myanmar and so on. This may help Turkey covering up the losses caused due to lose of American market. Moreover, Turkey is one of the top countries that has good business with Europe. It is the sixth biggest exporter and fifth biggest importer to EU (Eurostat (Comext, statistical regime 4). So it can utilize BRI connectivity and enrich its trade base with Europe. Recently Turkey- Europe relationship is a bit fragile. So both sides can use BRI as a medium to rebuild a better and stable trade relationship between themselves. Obviously, this is just one of the options they can use to; as other issues also matter. Most importantly they should be united strategically and should have some effective plans so that they can rebuild their relationship from both economic and political aspects and can assure mutual benefits for themselves. Otherwise BRI can hardly bring any benefit to these countries other than connectivity.

## 6.2. Negative Impacts

The OBOR initiative would have some negative influences on Turkish economy if proper steps cannot be undertaken at the right time and right manner. Some of those are listed below:

- ✓ Due to easy connectivity between Asia and Europe, Asian countries would be a big competitor for Turkey. Especially China has strong market position all over the world. This connectivity may make China's position the strongest. This will negatively affect Turkey's trade with Europe. Turkey will have to compete with Chinese products in domestic market too. Easy connectivity and low transport cost will give china a better chance to dominate/ occupy Turkish market.
- ✓ China and Turkey already has a business relation. Turkish Statistical Institute (TUIK) provides a report where it states that China is the largest import partner of Turkey for the time January to September, 2016. It also reveals that Turkey has a Trade balance deficit with China which is around 13 times large; import is 19.3 billion dollars and export is only 1.5 billion dollars (Akçay, 2017). Turkey looks for more balanced trade between themselves. China's cooperation in this regard will determine future relationship between China and Turkey.
- ✓ Free trade policy may also negatively affect Turkey. Less trade barriers and tariffs will threaten the existence of Turkish companies if cheaper products enter into Turkish market. Already China's business position in Turkey is very strong. It has competitive advantage in low cost. If Turkish companies cannot compete with Chinese products by producing low cost products maintaining quality, it will result in bankruptcy of those companies. In the long run the loss would be devastating as its losses would be manifolds; such as: i) lead the country to be more import intensive as there would be no demand of local products because of high price; ii) Turkish companies would not survive as they will lose local market; iii) people will lose jobs; therefore unemployment rate would rise; iv) economy will fall; thus result in low standard of living; v) last but not the least, will force economy to be more foreign aid and loan dependent; therefore, result in foreign interference and will lose autonomy.

- ✓ Turkey has many potential sectors. To keep the sectors grow up it needs huge finance which it cannot manage with its own money or foreign loans. If it cannot attract fund through FDI; it will threaten the expected revenue and flow return of Turkey. Inappropriate FDI policy or wrong strategy both will effect very severely.
- ✓ Last but not the least, Turkey's relation with BRI corridor countries is important. A friendly and co-operative relationship with each other will help ultimately reach win-win goal. Any unfair motive will lead to exploitation of one to another. Especially, if Turkey cannot hold a secure position from China, this BRI will be proved as a loss project for it. China is the biggest importer of EU. BRI project will help China reach Europe more quickly at least cost. That's why this project is undoubtedly important for China. But for Turkey it would be determined based on the policies and strategies to be taken by Turkey to generate income and other benefits from this project in the best possible way. The more efficient be Turkey in utilizing this project the more beneficial it would be. Not all matters are in control of Turkey; but it should try to minimize the problems so that it can grab the benefit of this project at the highest level.

## 7. CONCLUSION

The OBOR initiative is a milestone project in this era. Its key goals declares its broadness and importance in bringing prosperity for the nations related to it. Yu (2017) considered it as an echo of China's rise in the global arena, economically, politically, and strategically. Shapiro (2017) says that OBOR contains peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit. Besides these positive thoughts there are some controversies that go against the interest of the member countries. Du (2016) utters "Cheap good manufacturing and exporting was the main strategy of China to capture international market in last three decades". It may be wants to reach customers more easily through this initiative or may be wants create its new business line through the project. Hsueh (2016) thinks that through the launch of this project China will get a great chance to internationalize the renminbi as more trade and investments could be settled with renminbi. Beyond the debates, ignoring the silent plan behind the project as it is not certain, the BRI project seems a useful tool bringing economic prosperity and co-operation among the member countries. Considering the importance of Turkey Chinese President Xi Jinping expects Turkey's support and cooperation in this process. Turkey's few projects under the coverage of this project reveals unity with China. Sino -Turkey mutually agreed policies and projects with mutual benefits (both short and long term) will give a new dimension to these economies. It can be said that China is the most beneficiary in this project. If Turkey cannot extract any benefit through this project (at least in the long term from all perspectives), this initiative is not feasible for Turkey. A report by World Bank group also suggests that despite of having huge transparency in BRI activities, country-specific reform and multilateral cooperation are required to gain the goal of the Belt and Road Initiative. Turkey should also make plan keeping the interest of this country on the top not to be deprived of in any way.

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