

Deepening ties between Türkiye and China: Türkiye's volume of trade increasing

A series of high-profile visits by Turkish officials to China signals a positive trend in increasing diplomatic interaction and shared interests between China and Türkiye. The recent developments in economic engagement and a growing common ground in the international arena are creating new opportunities for both countries to comprehensively boost their relations.

BYD's investments in Türkiye

In terms of economic relations, recent investment agreements open new avenues for engagement. Notably, Build Your Dreams (BYD), China's prominent electric vehicle (EV) manufacturer, plans to establish a manufacturing facility and research center in Türkiye. This development represents a significant step in bilateral relations that can create a win-win situation for both countries.

BYD has announced an investment of \$1 billion to build a new plant in the province of Manisa, Türkiye, which will produce 150,000 electric and hybrid vehicles annually. Scheduled to open by 2026, the plant will employ 5,000 workers, localize production, promote an innovation ecosystem, and significantly contribute to the country's human capital pool in the long term. For China, the new plant in Türkiye will help BYD lower production costs and access Türkiye's domestic market. Moreover, in light of the European Union's (EU) recent imposition of provisional tariffs of up to 38% on Chinese EVs, this move allows BYD to leverage the customs union between the EU and Türkiye to continue exporting its EVs to the EU.

BYD's investment is also likely to attract other Chinese companies to invest in Türkiye. For instance, Chinese vehicle producer SWM has applied to build a car manufacturing plant in Türkiye, planning an annual production capacity of over 50,000 vehicles. Additionally, Chinese carmaker Guangzhou Automobile Group (GAC) is in talks with Turkish electric vehicle manufacturer TOGG regarding a potential joint production venture.

Beyond EV investments, both countries are also discussing new agreements on energy. In May 2024, they signed a memorandum of understanding on energy cooperation, which is particularly significant as Türkiye seeks China's involvement in constructing its third nuclear power plant. Chinese companies, including China National Nuclear Corporation Overseas, are in talks with Türkiye about this project. Additionally, discussions are ongoing regarding the construction of small modular reactors, hydrogen energy projects with the State Power Investment Corporation, and energy storage facilities with battery maker Contemporary Amperex Technology (CATL).

Middle Corridor and Türkiye's interest in joining BRICS as an opportunity for increasing bilateral relations

In terms of connectivity, China's growing interest in the Middle Corridor, which connects China and the EU, creates another common ground for developing bilateral relations between Türkiye and China. This interest is partly driven by the Russia-Ukraine war and Houthis attacks in the Red Sea. China's intention to invest in Georgia's Anaklia Port signifies its increasing interest in the Corridor. Türkiye's central position in the Corridor and its Development Road Project, which links to the Persian Gulf via Iraq, further establish it as a pivotal country in Eurasian connectivity. Enhanced collaboration on the Middle Corridor can lead to complementary initiatives, not only strengthening bilateral relations but also improving the Corridor's efficiency.

In addition to growing economic relations, increasing commonalities in the international arena present further opportunities for bilateral development. Türkiye's recent expression of interest in BRICS offers a growing platform for cooperation with China. BRICS presents a potential avenue for Türkiye to enhance its interaction with China and other member countries, discover new export opportunities in emerging markets, and expand its foreign policy network in an era of growing multipolarity, balancing its foreign policy between East and West. For China, Türkiye's interest in BRICS can help Beijing engage with regional powers on global issues, promote its multipolar agenda, and transform the platform into a leading organization of emerging powers without Western countries' involvement.

Both countries have similar approaches about Gaza

Amidst growing instability in the international system, Türkiye and China's similar approaches to the Gaza conflict highlight their convergence on critical issues. Their support for a two-state solution, a ceasefire, and humanitarian aid provides a foundation for engagement and positions them to play constructive roles in easing tensions and promoting peace in the region.

Despite economic developments and signs of convergence in the international arena, the trade imbalance between the two countries remains a significant barrier to further enhancing their relations. In 2023, Türkiye imported \$44.9 billion worth of goods from China but exported only \$3.3 billion to China, revealing a clear discrepancy in trade favoring China.

However, Chinese officials have indicated that they are exploring ways to increase Turkish exports and maintain a sustainable trade relationship. Türkiye has submitted a list of 2,000 products for potential Chinese import and suggested establishing direct flights between

Türkiye and Urumqi. These steps reflect ongoing discussions and potential measures to address the trade imbalance between the two countries.

Overall, recent developments are creating new opportunities for both countries. For Türkiye, increasing economic engagement with China strengthens its position between East and West, enhances its foreign policy flexibility, and helps transform the country into a major regional power broker. Additionally, growing relations with China increase Ankara's leverage with the EU, boosting Türkiye's strategic importance. This dynamic can promote new investments not only from China but also from the EU, as both seek to increase their market share and balance each other's influence.

For China, developing relations with Türkiye bolster Beijing's position in the domestic market and provide an advantage in the EV sector. Moreover, these relations help China diversify export routes to the EU and reduce the risk of tariffs on Chinese EVs. In the long term, addressing the trade imbalance and new greenfield investments by China can alleviate Türkiye's economic concerns and further foster a balanced, sustainable relationship.

Source: Anadolu Agency