



## IS ENGLAND BECOMING TURKEY'S BEST FRIEND IN THE EU?

Political relations between Turkey and England date back to the 16<sup>th</sup> century, but in the last 20 years economic relations between the two countries have flourished more than ever. Being the 3<sup>rd</sup> largest economy of the European Union and 7<sup>th</sup> largest economy of the world, England has steadily increased its trade with

Turkey over the last decade. In 2012, the trade volume (i.e. import and export volumes) between the two countries reached its highest level in history.

The volume of Turkey's exports to England increased from £1.25 billion in 2000 to £5.4 billion in 2012. Turkey's imports from England reached a level of £3.3 billion in 2012. In only the month of January 2013, the volume of Turkey's import from England was £308 million, which is promising for the growing trend of economic relations. According to the "*Trade and Investment Development Strategy*" published by the English Government in 2011, the target is to double the trade volume with Turkey by 2015. Both English and Turkish senior officers are proud of this development. Lord Stephen Green, English Minister of Trade and Investment, described the two countries' bilateral trade relations as follows:

*"The President of the Republic of Turkey, during his historic state visit to the United Kingdom in 2011, declared a golden age in the relations between the two countries. This is clearly observed in the increased bilateral investment and trade flow. In the last 20 years, as the United Kingdom and Turkey grew, the value of our trade relations increased as well. In 1992, the bilateral trade between our nations was valued at £ 1.5 billion; in 2011, this amount rose to £ 12.2 billion..."<sup>1</sup>*

Since the Turkey – England Reciprocal Protection and Encouragement of Investments Agreement<sup>2</sup> entered into force in 1996, the economic relations between two countries have come a long way, not only in terms of trade volume but also in terms of direct investment. According to Ambassador Ahmet Ünal Çeviköz, Turkey's ambassador to the UK, Turkey is among the first four preferred countries for investment by English companies (after France, Spain and the USA). Between 2007 and 2012, the number of companies established in Turkey with English capital was 1,261 and the volume of direct investment from England was USD 5.5 billion. In 2011, England was ranked 8<sup>th</sup> in the list of countries with direct investment in Turkey, with USD 906 million. In 2012, it climbed to first place, with USD 1.9 billion. As of January 2013, there were 2,446 companies in Turkey with English capital. Perhaps more surprisingly, Turkish direct investment in England increased from USD 20 million in 2011, to USD 84 million in 2012. According to Leigh Turner, the UK Consul General in Istanbul and Director General of Trade for Turkey, Central Asia and the South Caucasus, there are more than 100 companies in England with Turkish capital. Turner stated that

<sup>1</sup> England in Details, Dünya/Country File, April 2013, p. 10

<sup>2</sup> This agreement was signed in 1991.

England supports Turkish investors more than ever and Turkish investors can open up to the world through England.<sup>3</sup>

Expectations for the future are higher than ever and embrace not only economic relations but also cultural, touristic and political relations. The United Kingdom – Turkey Information Association Certificate, signed on 26 September 2011, supports İstanbul for becoming a financial center. This certificate also recommends cooperation in energy efficiency, science and innovation and opportunities in other countries. It is widely believed that the potential is greater than the current situation and economic relations are expected to become steadier as stated in England's Trade and Investment Development Strategy. Mr. Nihat Ergün, Turkey's Minister of Industry and Technology and Dr. H. Bader Arslan, Deputy General Manager of Economic Research at the Ministry of Economy, expressed their expectations without hesitation:

*"Our relations with England, Europe's third largest economy, are developing, primarily in foreign trade and investments as well as in many other sectors. To date, there have been many successfully realized cooperative projects between the two countries including joint-ventures, sub-contract work and procurement of goods and services. While the USD 14.3 billion foreign trade volume figure reached in 2012 has been recorded as a significant amount, USD 8.7 billion of that figure is our country's exports. However, this figure is below the potential and we believe it should reach USD 20 billion..."<sup>4</sup>*

*"With their combined populations of nearly 140 million, GDPs of more than USD 3 trillion and a USD 1.5 trillion of total trade volume, England and Turkey are large global players in economic and trade terms."<sup>5</sup>*

Turkey's 2023 targets are also appealing to England. Lord Stephen Green stated that England's commercial partnership with Turkey, which aims to become one of the strongest economies in the world by 2023, will continue to strengthen in the next ten years.

While commercial partnership is constantly developing, the English Government, led by David Cameron, continues to give its political support as well. After David Cameron's express support for Turkey to become a European Union member during his visit in 2010, David Lidington, England's Minister of Europe, expressed England's continued support in December 2012:

*"England continues to be a strong supporter of EU's enlargement process [...] England continues to give its support in relation to Turkey's full membership process. We believe that this membership will contribute Europe's security and stability [...]"*

Given the two countries' mutual targets and the increasing cooperation in trade and politics, it seems that Turkey is making a new best friend in Europe.

*Okan Demirkan ([odemirkan@kolcuoglu.av.tr](mailto:odemirkan@kolcuoglu.av.tr)) & Burak Eryiğit ([beriyigit@kolcuoglu.av.tr](mailto:beriyigit@kolcuoglu.av.tr))*

© Kolcuoğlu Demirkan Attorneys at Law, 2013

<sup>3</sup> "England is Waiting for Turks Aiming to Open up to the World" ("*İngiltere, Dünyaya Açılmayı Hedefleyen Türkleri Bekliyor*"), Dünya, 17 September 2013, p.15

<sup>4</sup> England in Details, Dünya/Country File, April 2013, p. 7

<sup>5</sup> England in Details, Dünya/Country File, April 2013, p. 13