

# Is Uncle Sam Making

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The strong ties that exist between Turkey and the United States of America, is based on a friendship that was spawned out of necessity during the onset of the Cold War and which has spanned over 50 years. As the twentieth century draws to a close, a major change in the nature of the relationship between Turkey and the United States has emerged. Whilst many Europeans believed that Turkey's strategic importance had been reduced by the fall of the Berlin Wall and the demise of the "Communist Threat" from Eastern Europe, the United States saw the new possibilities in the region where Turkey assumes a pivotal role.

The latter part of this century has seen a shift in emphasis from 'military might' to 'economic power'. The end of the Cold War has resulted in tremendous opportunities for all concerned. It has also highlighted new risks and dangers as the Gulf War, the wars in former Yugoslavia and the growth of international terrorism amply demonstrate. Turkey is at the heart of one of the most volatile regions in the world and with bordering states that include Iran, Iraq and Syria, one can only describe this as a "tough neighborhood"! Yet Turkey's role in supporting Western action in trying to combat these new dangers has been ever-present and clearly illustrates Turkey's continued impor-

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tance in the defense of global interests.

Indeed, over the decades, Turkey has been one of the most solid pillars of support for the United States foreign policy in the region, irrespective of her own internal issues. Today, that vitality is spreading into other areas of Turkish-American relations, most notably their economic ties. Turkey has received consistent support from successive United States administrations during the 1980s and 1990s for its appeal for full EU membership and the realization of a customs union with the EU in 1996. The customs union is already



doing much to enhance the competitiveness of the Turkish economy. This should increase the country's attractiveness as a place to invest in order to take advantage of Turkey's unrestricted access to EU markets, and as importantly, of the relatively low-cost Turkish labor which is both skilled and well motivated.

Turkey's high and steady annual growth rate averaging above 5% since 1981, has placed her at the top of the Organization for Economic Cooperation and Development's (OECD) list of developing countries

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# The Most of Turkey?

and as one of the most promising emerging markets in the world. With a population of 64 million people, three quarters of whom are under the age of 30, and a land mass that is equivalent to Texas, Turkey is well placed to enjoy a major share in the world's economic growth in the next 15 years. Turkey's geographic location, which is set at the crossroads between Europe, Central Asia, the Middle East and North Africa means that she will become even more important in the global economy of the next millennium. Equally significant is that, with the rapid depletion of the Western world's traditional energy sources, Turkey's ability to assist in the distribution of the energy reserves of Central Asia and the Caucasus makes it one of the most attractive places to invest in or trade with. The question is, "Is the United States making the most of the opportunities available in Turkey?"

## The economic record so far

Turkey is one of the few countries with which the United States has a favorable trade balance: the imports to exports ratio is 2 to 1 in favor of the United States and the trade volume between the two countries has more than tripled since 1980. This naturally means that it is an attractive place for Americans to do business with.

As table 1 shows, trade volume

between the two countries has jumped from \$1.6 billion in 1985 to \$3.4 billion in 1998. When one considers that it wasn't until the early 80s that Turkey, whose infrastructure at the time could only be described as 'primitive', began to practice the principles of a free market economy and that most Americans couldn't even place Turkey on a map, this is a remarkable achievement. A major reason behind this spectacular growth in trade in such a short period of time is the growing awareness of American businesses of the economic opportunities in the rapidly developing Turkish market. The Turkish-United States Business Council (TUSBC), which was formed in Turkey in April 1985 following Turgut Özal's (then Prime Minister) visit to Washington, has played a pivotal role in making American businesses think of Turkey as *the* emerging market to invest in. The idea behind this non-profit organization, set up by the principal private sector institutions of Turkey, was to improve the climate for trade and investment between the two countries. It comes under the Turkish umbrella organization known as DEIK, a unique body that seeks to increase the level of bilateral trade between Turkey and her partners, as well as raise the level of involvement of Turkish companies abroad and the amount of

foreign investment in Turkey.

Turkey's leading private companies and businessmen are involved in the Business Councils to ensure that their remarkable dynamism is reflected in the range of activities and policies that are undertaken by these bodies. Turkey may have started from a long way behind the starting line, but it is catching up fast both in its awareness of international commercial actors and the way business is conducted around the world. As the world becomes a smaller place, the Turks are becoming very adept at navigating their way around, discovering new and old routes that benefit them, as well as those that will be advantageous to others.

In 1992, the first Turkish-American Trade mission to Central Asia took place. The mission was organized by the Turkish-U.S. and Turkish-CIS Business Councils. This was the first such visit to the area by American businessmen and it produced immediate results: A Turkish-American business consortium won the right to reconstruct Ashkabat Airport in Turkmenistan. Since that time, American businesses are realizing that their Turkish partners are a useful way of entering new markets, which had hitherto remained too alien to access. In fact, today, the most convenient flights to these countries originate from Istanbul.