

Research Article

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Turkey's Trade Relationship With Latin American Countries*

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ÖZET

Osmanlı İmparatorluğu'ndan Latin Amerika'ya 1860'lardan I. Dünya Savaşı'nın sonuna kadar süre gelen bir göç akışı olmuştur. Türkiye ve Latin Amerika ülkeleri bu akışla birlikte, 19. yüzyılın ikinci yarısından itibaren iletişim ve etkileşim halindedir. Fakat bu ilişki 1990'lı yılların ortalarına kadar farklı dış politikalar ve coğrafi mesafenin bir sonucu olarak yeterince gelişmemiştir. Ancak son yirmi yılda, çok boyutlu dış politikası ve küreselleşmenin etkileriyle Türkiye daha dinamik bir dış politikaya sahip ve Latin Amerika ülkeleriyle ilişkilerini canlandırmak istiyor. Bu bağlamda Türkiye ile Latin Amerika arasındaki ticari ilişki daha önce çok çalışılan bir konu değil, bazı alanlarda Türkiye'yi Latin Amerika ülkeleri ile karşılaştıran araştırmalar var, ancak pek çoğu özellikle ticari ilişkilerinin sonuçlarını ve gelişmekte olan ekonomilerini analiz etmiyor. Gayri safi yurtiçi hasıla sıralamasına göre en büyük 7 Latin Amerika ülkesini baz alarak hazırlanan bu çalışmanın amacı, 1990 - 2021 döneminde Türkiye'nin Latin Amerika ülkeleri ile daha dinamik hale gelen ilişkisinin sonuçlarını araştırmak ve göstermektir.

Anahtar Kelimeler: Türkiye Ekonomisi, Latin Amerika Ekonomileri, Dış Ticaret

ABSTRACT

Since the second half of the 19th century, Turkey and Latin American countries are in communication. There was a flow of migration from the Ottoman Empire to Latin America from the 1860s until the end of World War I. Although, before the 1990's the relationship between the countries was friendly but seldom as a result of different foreign policies and geographical distance. But in the last twenty years, with its multi-dimensional foreign policy and globalization, Turkey has a more dynamic foreign policy and wants to steam up its relations with the Latin American Countries. In this regard, the trade relationship between Turkey and Latin America is not a subject that is studied much before, there are investigations that compare Turkey with countries of Latin America in some fields, but not many of them analyze particularly their trade relationship, emerging economies, and its consequences. The aim of this study, which is made based on the 7 largest Latin American countries according to the gross domestic product ranking, is to investigate and demonstrate the consequences of the more dynamic relationship of Turkey with the Latin American countries during the period between 1990 – 2021.

Keywords: Turkish Economy, Latin American Economies, Foreign Trade

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1. Introduction

As a result of Cold War conditions, Turkish foreign policy has traditionally prioritized connections with the United States and Western Europe, as well as, to the extent practicable, with the Middle East, the Balkans, and the Caucasus, which define its surroundings. The emergence of Turkish foreign policy after the conclusion of the Cold War, on the other hand, showed a need for renewal; it needed to alter. While the near geography continued to play a role in the context, countries neglected for a long while such as the Far East, Africa, and Latin America have become also important. And Turkey searched for ways to improve the relations with countries in these areas.

In this perspective, Turkey's Latin American expansions expanded notably since the end of the 1990s and accelerated in the 2000s, in this context, the ties built with the region have been noted mainly from 2010 to the present. The exchange of high-level visits and negotiations with countries have made a significant, if not enormous, influence in Turkey's economic, political, and cultural links with Latin America. This research mainly focuses on understanding the enhancing links between Turkey and Latin American Countries in terms of trade, economy, culture and politics and investigating the results of them.

2. Latin American Economies

Latin America is tough to define in a single sentence. It refers to the Latin-speaking countries of the Americas and its environs in the literal sense of the word. Latin America, or South America, is the region south of Panama, which divides the American continent in two. It now comprises a total of 32 countries, both large and small. Mexico, Brazil, Argentina, Venezuela, Colombia, Cuba, Chile, and Peru are the most important. It is the world's fourth-largest continent in terms of surface area and the fifth-largest continent in terms of people. Latin America has very rich underground resources. As a matter of fact, the word Argentina comes from the Latin word "Argentum" meaning silver (Ermağan,2017).

Latin America stands out with its fast-developing economy and growing population, with trade volume over \$700 billion and a Gross National Product (GNP) of \$1.8 trillion. With this economic size, it is an important market (Mızrak and Örnek, 2015). Latin America has sectors that can cooperate in the fields of tourism, infrastructure and housing, and energy/oil. In 1858, the Ottoman Empire and the Brazilian Empire signed a Friendship, Residence, Trade, and Navigation Agreement, establishing diplomatic connections, and in 1927, the Republic of Turkey and the Federative Republic of Brazil signed a Friendship Treaty, establishing political relations (Anadolu Agency, 2021). As a result of this agreement, the legal, diplomatic and commercial rules that Turkish and Brazilian diplomats, traders and citizens would abide by in each other's countries were determined; then mutual consulates were opened (Meade, 2009).

Following the conclusion of the Cold War, Turkey began to pay attention to Latin America as well as the surrounding regions. Within the framework of this understanding, Turkey has signed various agreements with the countries of the region. These have been agreements to increase cooperation in the areas of trade, economy, tourism, health and science-technical. In addition to these agreements, the visits of then-President Süleyman Demirel to Brazil, Argentina and Chile in the 1990s are quite significant in terms of being the first visits of a Turkish President to the region. In the same period, it was seen that regional leaders made their first visit to Turkey. For this reason, the 1990s is called the period when mutual diplomatic contacts and visits began (Republic of Turkey Ministry of Foreign Affairs (RTMFA), 2021).

3. Turkey's Perspective on Latin America

It is fair to assume that Turkey's perspective on Latin America is essentially economic. As a result, in the 2000s, foreign policy toward trade was mostly focused on the "trading state" approach. Turkey's new political landscape, as well as the country's aim to find economic partners and open up to new markets, has had a big impact on its policy; policies undertaken in bilateral trade ties have gained substantial speed over time.

In 1999 the trade volume between Latin America and Turkey was around \$827 million, this figure reached \$2.2 billion in 2006. Turkey's foreign trade with the region reached \$8 billion in 2017. Another major development of the 2000s is the shared economic potential. Since Turkey signed Economic and Commercial Cooperation Agreements with 19 nations in the region, the number of trade agreements with those countries has gradually increased, in keeping with the Action Plan's goal of increasing our economic and trade links with LAC nations (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela). Turkey exported two-thirds of its overall exports to South America to the four full members of MERCOSUR (South American Common Market) in 2010 (RTMFA, 2021).

In 2010, Turkey's exports to Mercosur countries climbed by 83 percent, totaling 1.2 billion dollars. Turkey's imports from MERCOSUR countries climbed by 27% in 2010, reaching a total of 2.9 billion dollars (RTMFA,2021). Argentina, the Latin American country with the fourth largest population, is one of the countries with the greatest economic potential between Mercosur Countries. (Anadolu Agency, 2021).

Turkish-Latin American and Caribbean (LAC) relations extend back to the second part of the nineteenth century. Many waves of migration from the Ottoman Empire to Latin America occurred between the 1860s and the end of World War I. The emigrants were dubbed "Los Turcos" because they held Ottoman passports. During this period, the Ottoman Empire established diplomatic and consular relations with a number of Latin American countries. Brazil was the first country to establish contact in this continent during the Ottoman period. On February 5, 1858, the first trade agreement was signed with Brazil and this agreement remained in force until February 7, 1912 (Temel, 2002). Chile was the first nation in the region to recognize the emerging Turkish Republic. From the 1940s onwards, the region's first resident embassies were founded (RTMFA, 2021).

In 1926, Brazil formally recognized Turkey. On September 8, 1927, Brazil and Turkey, both republics at the time, signed a new treaty of friendship (Önsoy, 2017). In 1930, the two governments established embassies in each other's countries, and in 1933, they inked a trade pact (Temel, 2004). On July 21, 1870, Argentina's Ambassador to Paris informed the Ottoman state that he wanted to open some consulates by letter. This was the beginning of diplomatic relations with Argentina (Kutlu and Arıkan, 2012).

Turkey's relationships with the area had been positive but weak until the 1990s. Geographical distance and different foreign policy goals were the key causes of this stagnation. Turkey's first presidential visit to the LAC region was in April 1995, when President Süleyman Demirel paid an official visit to Argentina, Brazil, and Chile. President Recep Tayyip Erdoğan's LAC tour, which encompassed Mexico, Colombia, and Cuba in February 2015, was the region's second presidential visit in 20 years. On his second trip to the LAC region in a year, President Erdoğan visited Chile, Peru, and Ecuador from January 31 to February 4, 2016. In 1992, President of Argentina Carlos Menem, known as "El Turco", made a visit to Turkey. This visit was the first visit of a Latin American country's president to Turkey in history (Levaggi, 2013).

4. Turkey's Opening Strategy Towards Latin America

In order to develop its connections with the Latin American Countries, Turkey has pursued a more constructive opening strategy towards the area in keeping with its multi-dimensional foreign policy over the last two decades. In this regard, in 1998, the "Action Plan for Latin America and the Caribbean" was established with the cooperation of Turkish Ambassadors in Latin America, Turkish government and industry leaders, and Honorary Consuls of Latin American Countries in Turkey. In 2006, the Action Plan was reviewed, and Turkey proclaimed 2006 to be the "Year of Latin America and the Caribbean." The Plan in issue was a road map for the region's opening strategy (RTMFA, 2021).

As part of its Latin American and Caribbean opening plan, Turkey promotes high-level visits and discussions with regional nations, as well as the signing of trade, economic, military, cultural, and technological cooperation agreements to reinforce the current legal framework ; establishing business councils, attending trade shows, and implementing promotional initiatives to increase trade volume; and strengthening diplomatic presence and cultural exchange in the region to provide stronger and more trustworthy presence.

As a result of this policy, reciprocal high-level visits between Turkey and the Latin American region have gained traction. President Recep Tayyip Erdoğan's tour to Mexico, Colombia, and Cuba in February 2015 was the region's second Presidential visit after a 20-year hiatus. From the 31st of January to the 4th of February, 2016, President Erdoğan visited Chile, Peru, and Ecuador on his second trip to the region in a year. During the first months of 2017, Foreign Minister Mevlüt Çavuşoğlu traveled to Argentina, Paraguay, the Dominican Republic, and Mexico (RTMFA, 2021).

In 2011, the President of Brazil Dilma Roussef and the President of Argentina Cristina Fernandez de Kirchner; in 2012 the President of Chile Sebastian Pinera, the President of Ecuador Rafael Correa and President of Colombia Juan Manuel Santos; in 2013 President of Mexico Enrique Pena Nieto; in 2015, on the occasion of G20 Leaders' Summit President of Mexico Enrique Pena Nieto and the-then President of Brazil Dilma Roussef; in 2016 and 2017 President of Venezuela Nicolas Maduro visited Turkey (Republic of Turkey Ministry of Trade, 2021).

The strategic alliance status of Turkey's relations with Brazil and Mexico has been upgraded. The High Level Cooperation Commission between Turkey and Brazil was founded in 2006, while the High Level Binational Commission between Turkey and Mexico was established in 2013. The legislative framework for Turkish-Latin American ties has also been substantially developed. Political consultation processes have been created with Latin American Countries.

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Since about the 1990s, Turkey has conducted its commercial relations with the countries of the area primarily in the context of mutual economic dependence; a foreign policy that prioritizes the economy has contributed to the creation of a stable and trusting environment. Since the 2000s, one of the primary parts of the government has been the concept of the commercial state, and within this framework, intensive business contacts have been established with nations in the Balkans, Caucasus, and the Middle East. In 1999 the trade volume between Latin America and Turkey was around \$827 million, this figure reached \$2.2 billion in 2006. Turkey's foreign trade with the region reached \$8 billion in 2017 (RTMFA, 2021).

Turkey wanted to expand its contacts with alternative territories after the Cold War ended, particularly for economic and political reasons. One of these regions is Latin America. Latin America is the name given to the area that extends from Mexico's southern border to Argentina and Chile in the southern portion. With the initiatives of İsmail Cem, the period's foreign minister, who served in the late 1990s, the contacts developed at the presidential level turned into a strategic plan, and for the first time, a structured foreign policy toward the region was established.

Alternative plans for Turkey becoming a member of the region's economic and political organizations have been explored in order to enhance the country's economic relations with its neighbors. It has attempted to strike free trade agreements with member countries, particularly with MERCOSUR, the South American Common Market. Since the 2000s, Turkey's evolving Latin American policy has prioritized establishing a long-term commercial partnership with the region's countries. In bilateral relations, the economy, which is the driving force of foreign policy, plays a significant role. One of them is the free trade deal with Chile.

While talks with Mexico are still ongoing, efforts are on to sign a free trade pact with other nations. Argentina, Venezuela, and Colombia follow Brazil and Mexico, which Turkey views as crucial partners in the area. In 1999 the trade volume between Latin America and Turkey was around \$827 million, this figure has reached \$2.2 billion in 2006. Turkey's trade volume has climbed from \$1 billion in the early 2000s to \$8 billion at the end of 2016, thanks to a foreign policy that prioritizes trade (Republic of Turkey Ministry of Trade, 2021).

Turkish Airlines (THY) has increased its flights to the region in line with Turkey's active foreign policy. In the last several years, THY has almost connected the region and Turkey, and has aided the development of joint tourism activities. Turkish television programs, on the other hand, were shown in Chile for the first time and served to popularize Turkish culture throughout Latin America.

5. Impacts of Covid-19 Epidemic on Latin America

In 2020, the coronavirus (Covid-19) epidemic impacted negatively on Latin America, as it did on the rest of the world, with high case and death rates in the region. This situation has put Latin American countries in a difficult position to find solutions, as they are already dealing with political instability, harsh economic conditions, and ongoing public demonstrations. After recent political instability, important countries in the region such as Brazil, Argentina, and Mexico are thought to have a negative outlook in the fight against the epidemic. On the other hand, in Minas Gerais State, it was stated that a new "supercovid" mutation emerged with the combination of 18 different mutations of the coronavirus (Republic of Turkey Ministry of Trade, 2021). The images reflected from Brazil, as well as facts on the pandemic, have led to Brazil being labeled the epicenter of the outbreak in Latin America. Not only were the countries in issue, but also Chile, Peru, and Colombia among the South American countries that were severely impacted by the epidemic. As a result, the negative effects of the epidemic process have been added to the region's severe socio economic issues, which number more than 630 million people.

This circumstance harmed diplomatic relations between the Latin American region and Turkey, and mutual visits were limited, particularly in the first-middle months of 2020, when the disease broke out and spread. Nonetheless, in 2020, the region's countries and certain crucial linkages, particularly between the Caribbean and Turkey, took place. Furthermore, contrary to projections, 2020 may be a good year for the economy. In terms of relationships, it's been a year of positive resistance.

6. Conclusion

In 2020, election procedures impacted societal trends in Latin America as well as Turkey's connections with the region, in addition to the pandemic. Other major events that shaped the Latin American agenda this year were the postponed elections in the Dominican Republic, Venezuela, and Bolivia owing to the epidemic, as well as the local elections in Brazil.

It's worth noting that, despite the apparent adverse effects of the pandemic on trade relations, the volume of foreign commerce between Latin American countries and Turkey rose in 2020. The partial increase in foreign trade volume between Turkey and the countries of the South American Common Market (MERCOSUR), which play a crucial role in both Turkey's political and economic direction, contributed considerably to the construction of this positive scenario. As is well known, trade between Turkey and MERCOSUR countries decreased by 35% in 2019 compared to the previous year, with the primary cause being the dramatic drop in Venezuela-Turkey trade volume. As a result, the little improvement in the volume in question in 2020 appears to have had an impact on the trade deficit between MERCOSUR and Turkey. On the other hand, the relative improvement and recovery in 2020 could not catch up to the 2018 data (Foundation for Political, Economic and Social Research, 2021).

In 2020, the international trade volume between Central America-Caribbean countries and Turkey was 2 billion 24 million dollars, which was identical to the previous year. The decline in export volume and increase in import volume with these nations, on the other hand, can be characterized as a negative scenario in terms of Turkey's international trade balance, despite the fact that the total volume of foreign commerce is identical. Nonetheless, the persistence of the export-based relationship seen in recent years in the volume of international commerce between Latin American and Caribbean countries and Turkey is a positive development.

In Ankara's Latin America focus in 2020, the Caribbean region is expected to take center stage. In this backdrop, the change of power in the Dominican Republic following the elections heightened the already strong relations between the two countries. Furthermore, real benefits of enhanced relations with Haiti were achieved this year, with a total of seven agreements inked between Turkey and Haiti in the political, economic, and cultural-human dimensions.

As a result, despite the aforementioned political connections and import-based, the partial rise in foreign trade volume with the countries in the region is a positive trend in a year when concerns such as 2020 are intensely felt. However, the region's and Turkey's predicted economic potential has yet to be realized.

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