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Facts and the Future Prospects of the Turkish-South Korean Economic Relations Beyond Seventy Years

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Ladies and gentlemen it is nice to see you. Unfortunately, Covid 19 prevents us from getting together in real. Fortunately, we have the high communications technology at our disposal to continue to do business as usual.

Next year we will be celebrating the 70th anniversary of our first close encounter, of which we are very proud. This alone gives us a meaningful reason to take a look into the inventory of our relations since then and search for possibilities to improve them and exhaust other possibilities of collaboration from here on.

When I review those 70 years, which also partly covers my personal life, concerns my academic interests, personal experiences and appreciations of South Korea and South Koreans, my eyes shine with the pride of the miracle the South Korean economy accomplished since its take-off by the mid-1960s. What you did in your corner of the world with harsh realities and security dilemmas often generated an envy in Turkey. Our victorious past in your good country and your glorious economic leap promise and aspire hope for our future cooperation.

I see three stages in the Turkish-South Korean relations: a. Between 1950- 1970 our relations evolved around a military-based one. b. When Turkish industrialization attempt was lounged in 1970s our relations entered into a new phase and transformed also into a civilian- based relations covering other areas of cooperation. Therefore, I would define our relations between 1970- 1990 as a period of just getting into a process of real economic and particularly industrial cooperation. c. Since 1990s and onwards up to now we have a period of deepening and diversifying relations in any possible areas of cooperation.

In our video gathering today we need to evaluate what have been done so far, and for a promising future to come what can be done to improve our so far below-its potentials relations. The details of the Turkish economic performance in recent years, which I am sure you are fully aware of on your own will be presented to you in a short while by a member of TASAM. At this point I would like to attract your attention to few generals about them before getting you into graphs, charts and numbers of Mr. Shen. Those are as follows:

- Turkey has a resilient economy and we are confident about overcoming any difficulties with discipline and determination, despite the source of the problems. Some may be due to or accelerated by the pandemic, or the geo-political constraints, strives, confrontations and risks that have long risen before us (I have to admit the fact that you South Koreans have a fair share of) them.; May them be partly of international contagion or domestic mismanagement. The combination of all make it more complicated. Nevertheless, we can overcome as we did several times before.
- Despite all the difficulties and risks, the Turkish economy remains as an open economy welcoming foreign capital and investors from friendly geographies of which we think South Korea tops the list. We have few safety nets of course but the channels are wide open to mutual trade, rational investments with environmental concerns, fresh start-up capital and reliable joint ventures.
- Despite several shortcomings we have long-term plans and targeted programs for a wide range of sectors from energy to health, pharmaceuticals, agriculture to tourism, transport and communications.
- We are fully aware of the competitive edge, technological and innovative orientation of the Korean industries, and the desires of the Korean Business community to expand further in the Middle East, West Asia or South Europe.

- The framework of our legal, institutional and bureaucratic system can easily cater any further joint ventures with the South Korean business partners, may them be public or private. At this point ladies and gentlemen, instead of talking to you about further details of the Turkish economic and political performance, which I know well and am sure you know very well already, I would rather look into how far the South Korean business sectors penetrated into Turkish economy and vice versa and where can we go from here for a promising future to come so that we can celebrate many more 70 years to come hand-in hand.

A brief bird-eye review shows me few important details about the road map in our hand.

- We did sign a Free Trade Agreement with South Korea in 2013, which has not been translated into improved trade among our two countries yet as our trade volume still remains as humble as \$6.53 billion in 2019. Turkey exports liquefied hydrocarbon gas (rubber raw material), vehicle components, pharmaceutical products, electrical machinery and components, clothing, boron and other metal ores, food (hazelnut, seafood, confectionery, pasta, fruit juices, spices), leather goods to South Korea and imports mobile phones, electronic devices, computer chips, LCD, LED and OLED display panels / displays, motor vehicles, vehicle parts and components, boiler, machinery and mechanical devices, plastic products, ships, iron-steel, optical instruments and devices, railway vehicles artificial and synthetic fibers with its parts, rubber and rubber articles.

- The number of visitors from South Korea to Turkey reached 212.970 in 2019. 2020 has been a gloomy year because of the pandemic but we hope to have many more years to come with flourished tourism services and activities with South Korea. For me that would be an **age of “Ayla”** or **“mission Ayla”** with the sad but fine memories of a unique bond between a young Turkish officer then and a little orphan Korean girl during the Korean War, which was filmed in joint venture couple of years ago.

- Noteworthy trade agreements in defense industry between two countries started in 2001 with the Turkish procurement of **howitzers**. This agreement was one of the first major international sales of the South Korean defense industry in Turkey. I see Turkey and South Korea have joint ventures in the production of **Howitzer or Turkish version Firtina obus production**

and we made an agreement to produce Altay the third generation battle tanks. The South Korean interest in the Turkish Jet program fascinates us.

- After our Defense Industrial Cooperation Agreement of November 1999 our defense industry cooperation made a jump. Other defense industry agreements between two countries are Agreement for Technological Cooperation Agreement for Quality Assurance and Mutual Logistics Support Agreement. Turkey has been among the top ten countries since then, which import Korean defense products. And do remember please Turkey is the most attractive market in Europe for military land vehicles in the period between 2012 and 2021, with about 20 billion USD budget and planned procurement programs.

- "Agreement on Trade in Services between Republic of Turkey and Republic of Korea" and "Investment Agreement" entered into force on 1 August 2018. However, the \$2.24 billion South Korean investment in Turkey makes me wonder if the South Korean Business communities can be more generous, forward looking and spare more funds as Turkey enters the next defense procurement cycle for defense system modernization.

- We are happy for the interest and participation of Korean companies in the construction of the 1915 Çanakkale Bridge, and the provision of 2.2 billion euros in the project of which the Korean Eximbank (KEXIM) also extended funding for the project and the Korean Trade Insurance Corporation (K-Sure) is among the insurers. The Turkish firms of the construction benefit from working with their Korean counterparts Daelim and S&K and E&C. Our travel safety will be partly depended on the Korean company Kwansoo, for the construction of the main cable line construction of the bridge, which will be another land mark proud joint project.

- Over years Turkey has developed a considerable amount of product and service efficiency, competency and competitive edge in health sectors, in which S. Korea can be a welcomed partner, as Japan has become one. Turkey has the ambition to become the Eurasian production base for medium- and high-level medical technology products and in Pharmaceutical and medical Industries. There for this is a top the list area for joint ventures to penetrate further in the global markets. Furthermore, I think that

- Covid 19 offers now a window of opportunity for Turkey and Korea to cooperate in Health and Pharmaceutical sectors. Other options exist in biotechnology, medical technology products as equipment's, cardiac batteries, orthopedic devices vices, particularly in innovative human and animal drugs, sanitation and phitosanitation materials. Radiological and diagnostic Screening equipment, Magnetic resonance.
- To develop production competency, we need to bolster our efforts with product and service production capacity, for which Turkey welcomes to cooperate with the South Korean companies of these sectors.
- By developing specific high value-added products and particularly vaccines and medication for contagious diseases Turkey aims to become a regional/global pharmaceutical powerhouse and net exporter. This is an area where we can get engaged in cooperation.
- Turkey no longer want to lag behind the competition among emerging countries to attract pharma investments. Joint us so that we can do wonders.

Other areas are also in our thought. We are fully aware of the activities of KONGAS in the East Mediterranean.

Therefore, since there are highly competent South Korean Companies in engineering, procurement, and construction (EPC), Turkey and South Korea should consider joining in onshore and offshore gas areas and Turkey may need floating LNG terminals in a near future. For Turkey, who aspires to be an important country in energy areas energy solution to help a particular facility to solve its energy problems would mean a lot.

Thanks for listening and I will be happy to respond any question from the Korean business community.