



IMPACT OF COVID-19 ON COMMERCIAL RELATIONS BETWEEN CHINA AND TURKEY

COVID-19'UN ÇİN VE TÜRKİYE ARASINDAKİ TİCARİ İLİŞKİLERE ETKİSİ

İlayda ŞAHİN^a, Sait ŞAHİN^b

^aPostgraduate, Hebei University of Economics and Business, International Trade, Hebei, China.

ORCID: 0000-0002-6425-7935

E-posta: ilydassahin86@outlook.com

^bInstructor, Northwest University, Institute of Middle East Studies, Xian, China.

ORCID: 0000-0003-4115-7461

E-posta: sait_sahin46@hotmail.com

ABSTRACT

Purpose - COVID-19, which deeply affects international trade and national economies, has turned into a crisis with the restrictions imposed by countries. During the pandemic, it is aimed to make an original research by examining bilateral commercial relations between China and Turkey and the situation of each both country's economy.

Methodology – Qualitative and quantitative data collection methods were used in the study.

Findings – It seen the increase at 15.70% in exports by Turkey to China and 32.16% in imports from China in 2020 Dec compared with the same month in 2019. Turkey's exports have decreased 6.3%, while its imports increased 4.3% in 2020. In 2020 Dec compared with 2019 Dec, Chinese exports increased by 18.1%, while its imports reached a record level, with an increase of 6.5%.

Conclusions – Although the commercial relations of both countries were not at the desired level, they were shown positive improvement during the pandemic period.

Keywords: Trade, Relations, COVID-19, China, Turkey.

JEL Codes: H77, F1, I18.

Sorumlu Yazar:
İlayda Şahin

Makale Türü
Araştırma Makalesi

Makale Geliş Tarihi
02.04.2021

Makale Kabul Tarihi
15.10.2021

ÖZ

Amaç - Uluslararası ticareti ve ülke ekonomilerini derinden etkileyen COVID-19 ülkelerin getirdiği kısıtlamalar ile birlikte bir kriz haline dönüşmüştür. Bu bağlamda, salgın döneminde Çin ve Türkiye arasındaki ikili ticari ilişkilerinin ve her iki ülkenin ekonomik durumu incelenerek özgün bir araştırma yapılması amaçlanmaktadır.

Yöntem - Araştırmada nitel ve nicel veri toplama yöntemleri uygulanmıştır.

Bulgular – Araştırma bulgularında, 2020 Aralık ayında geçen senenin aynı ayına kıyasla, Türkiye'nin Çin'e ihracatı %15,70, Çin'den ithalatı ise %32,16 bir artış görülmüştür. Her iki ülkeyi ayrı değerlendirdiğimizde elde edilen sonuçlar, 2020'de Türkiye'nin ihracatı %6,3 düşüş gösterirken, ithalatı ise %4,3 artmıştır. 2020 Aralık'ta 2019'un Aralık'a kıyasla Çin'in ihracatı 18,1% artarken, ithalatı ise %6,5 oranında artışla rekor seviyeye ulaşmıştır.

Sonuç – Her iki ülkenin ticari ilişkileri her ne kadar istenilen düzeyde olmasa da salgın döneminde pozitif yönde gelişme kaydetmiştir.

Anahtar Kelimeler: Ticaret, İlişkiler, COVID-19, Çin, Türkiye.

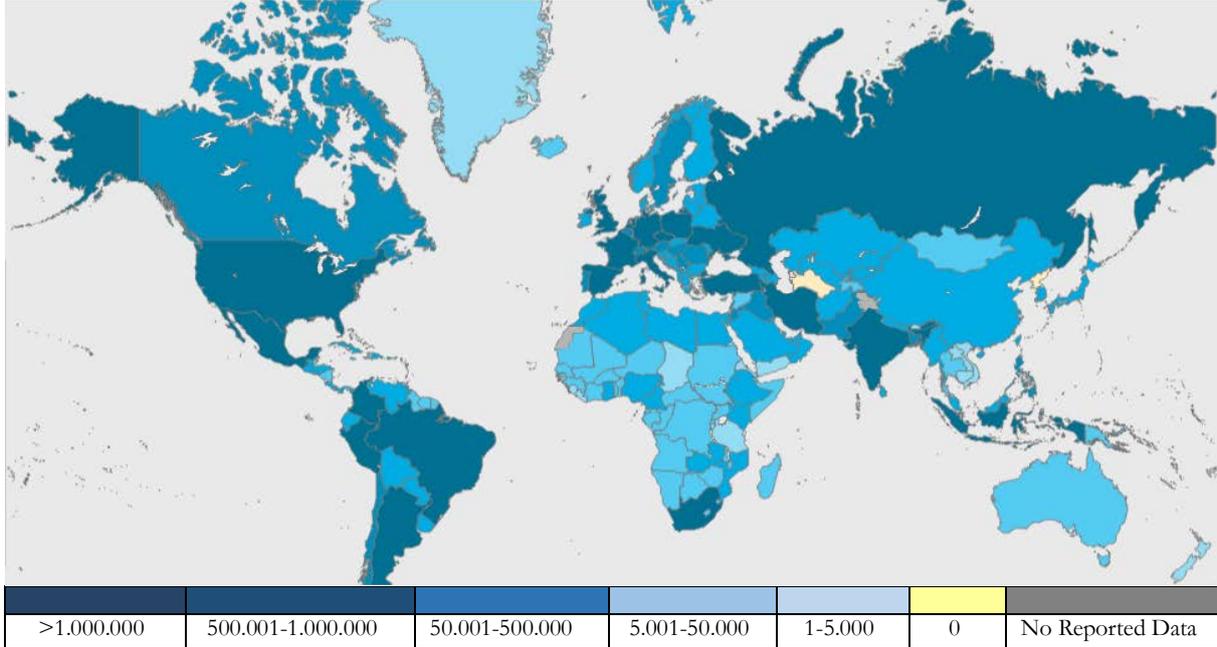
JEL Kodları: H77, F1, I18.

1. INTRODUCTION

Unexpected events and pandemics emerging on a global scale pose threats worldwide. The new type of COVID-19, emerging in Wuhan city, Hubei Province, China and spreading all over the world, has been one of the biggest threats faced in recent years. With the emergence of cases in December 2019 and the rapid spread of the disease in a short time, it has become inevitable that the disease is a global threat. Due to COVID-19, the number of deaths worldwide is reaching a record level day by day. As a result of the rapid spread of the COVID-19 around the world except Antarctica, COVID-19 has been declared as a pandemic by the World Health Organization.

According to the report of the World Health Organization (as of March 31 2021), COVID-19 infected approximately 130 million people in 223 countries and led to the death of more than 2 billion people. It is estimated that the uncertainty regarding exactly what the effects of COVID-19 will be and how long the pandemic will last will continue for a while (Atay, 2020). In order to survive this disease with less damage around the world, the public, the government and most importantly, health care professionals must fight shoulder to shoulder (Yoo, 2020).

Figure 1. Current Distribution of COVID-19 by Country



Source: (World Health Organization, 2021)

It is predicted that the COVID-19, which adversely affects the order of human life, will bring to a halt the economy of not only China, India but all countries of the world day by day (Chakraborty & Maity, 2020). Because of shakes the global economy in a short time and shrinks production and consumption, COVID-19 actually represents the disruption in the economy and trade globally (World Trade Organization, 2020). On the other hand, China, which has become a major global player in trade as a supplier and as a market, played a major factor in bringing the trade to a halt with its restrictions imposed.

Despite the distance between Turkey and China geographically, there is a commercial relationship on a large scale. Trade relations between China and Turkey, are carried out in the framework of the 'Trade Agreement' signed in Beijing on July 16, 1974. Since 2000, significant momentum has been achieved in our bilateral trade relations with China, our largest trade partner in East Asia. Due to the COVID-19 pandemic, which surrounds the world in every field, the decline in Chinese exports is likely to create more risks for the regions where are selling imported Chinese goods in Turkey. Besides, Chinese goods because it takes a long time to reach Turkey even if the pandemic is prevented the decline in sales is expected to continue for at least another four to five months. In response to the measures and restrictions taken by countries during the pandemic process, Turkey took the decision to stop importing animals from China. It is possible to say that the situation course is not very pleasant because of China began to implement the embargo by Turkey on animal could damage bilateral relations.

In this article, it is aimed to examine impact of COVID-19 on trade relations between China and Turkey and addressing the economic situation of both countries during the pandemic by applying qualitative and quantitative data collection methods. Also, suggestions will be made at the end of the study for the improvement of mutual trade relations. With this research, it is aimed to take forward-looking steps towards both commercial and friendly relations between the two countries.

2. BRIEF HISTORICAL BACKGROUND OF BILATERAL RELATIONS

Even though diplomatic contacts were established in both countries during the Ottoman Empire period, the relations could not be formalized. At the beginning of the 20th century, despite many attempts, diplomatic agreements were not made in both empires and bilateral relations were carried out through other countries. Despite all this, it does not mean that mutual commercial relations did not exist. Before the year 1908, it is estimated that approximately 30 tons of opium are exported from Turkey to China (Altan, 2013).

Turkey's first contact with the Chinese Republic began in 1927. In Nanjing, where was the capital of China at that time, Embassy of the Republic of Turkey, however, was opened in 1929. Hulusi Fuat Tugay started his duty as the first charge d'affaires in Nanjing in 1929. Charge d'affaires Hulusi Fuat Tugay left China on August 2, 1931 by the closure of the Chinese embassy in Turkey because of the economic difficulties. In 1934, 'the Friendship Agreement' was signed between two countries. The Chinese embassy, which was closed in 1931 due to economic difficulties, was reopened in 1939 when Emin Ali Sipahi was appointed as an ambassador. In 1944, the two states mutually increased their delegacies to the embassy level. Hulusi Fuat Tugay who has founded the first Turkey and China relations as the charge d'affaires on the Ataturk Era, was appointed as the first Ambassador of Turkey (Adibelli, 2016). In the period between 1920-1950 when one-party Turkey was led by Mustafa Kemal and Ismet Inonu, while Turkey and China relations the economic maintenance is minimal, it was at a level that could be called secondary for both sides politically (Gunes, 2012).

2.1. Political Relations

Despite the establishment of China in 1949, diplomatic relations between the Turkey and China are based on 1971. After this date, these two states expanded their mutual cooperation through the institutions and private sectors. According to the Republic of Turkey Ministry of Foreign Affairs registration, bilateral high-level visits have progressed in the following way:

Table 1. Bilateral High-Level Visits

Presidential Level Visits	Minister Level Visits
Kenan Evren (1982)	Huang Hua (1978)
Li Xian Nian (13-19 March 1984)	Ilter Turkmen (1981)
Süleyman Demirel (18-29 May 1995)	Turgut Özal (30 June-7 July 1985)
Jiang Zemin (18-21 April 2000)	Zhao Zi Yang (17-23 July 1986)
Abdullah Gül (24-29 June 2009)	Zhu Rong Ji (15-19 April 2002)
Wen Jia Bao (7-9 October 2010)	

Source: (Sahin, 2021)

The cooperation between Ankara and Beijing has gained momentum since the 1980s, when both countries began to open up abroad and growth economically and politically. Moreover, relations were on track thanks to the most productive of high-level visit to China in 1982 by Kenan Evren (Bilgin, 2010). After Chinese President Li Xian Nian visiting Turkey in 1984, it was adopted the establishment of an indefinite political consultation mechanism between the two countries. According to Chinese experts, strategic compliance against the Soviet threat provided through this mechanism and this has strengthened the China and Turkey political relations (Xia & Wang, 2007).

Chinese President Wen Jia Bao by organizing official visits to Turkey in 2010, the Joint Declaration of Development and Establishment of Strategic Cooperation Relations between the Republic of Turkey and China was signed. By Turkey and China signed 'Strategic Cooperation Agreement' in 2010, it was announced that the relations between the two countries were brought to a strategic level. Increasing dialogues and mutual visits between both countries allow the Chinese and Turkish people to get closer by getting to know each other better.

2.2. Economic Relations

As a matter of fact, China's economic relations with Turkey extend from the historical Silk Road, which is through the Turkish states to the present day. Economic relations between Turkey and China have

continued its upward trend that is caught in the late 1990s (Temiz, 2017). A total of \$1 billion at the beginning of the 2000s the trade volume increased to approximately \$21 billion in 2019 and 2.5 billion of this volume shows our exports and 18.3 billion dollars shows our imports. Besides, it is continued to increase since 2000. Actually, it is not at the desired level of Turkey's commercial relations with China (Guclu, 2002) due to continuing trade relations between the two countries with China's export superiority since the early 1990s. Due to China's share 1.7% in Turkey's exports and 9.2% in imports, savior efforts should be made to bring the unstable trade relations between the two countries. Nevertheless, China, where became the country that the most import goods into by Turkey, is Turkey's largest trading partner in East Asia.

Table 2. Commercial Data between Turkey and China (Billion ABD \$)

YEARS	EXPORT	IMPORT	VOLUME	EQUILIBRIUM
1990	0.37	0.24	0.27	-0.20
2000	0.96	1.34	1.44	-1.24
2010	2.26	17.18	19.45	-14.91
2019	2.58	18.39	20.98	-15.81

Source: (Turkish Republic Ministry of Commerce , 2021; Foreign Economic Relations Board, 2009)

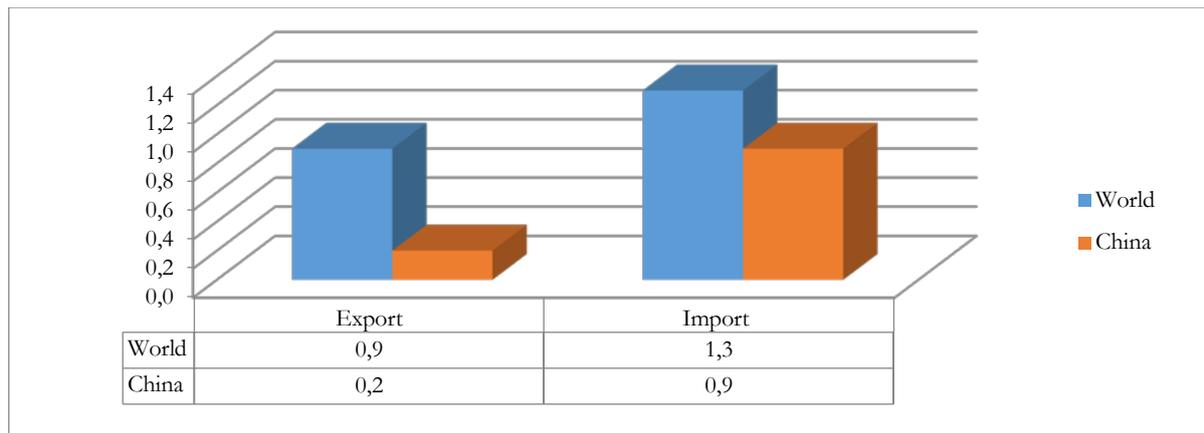
During 2019, China was the 18th country in Turkey's export as well as, and in a position of the third country in its imports. Nonetheless, the reason of our imports from China have decreased in the past two years is both the impact of our country's economy, which slowed down in 2018, and the contraction in production; tax regulations, surveillance and reference price implementations for imported products have an important role. Currently, our trade with China has an annual deficit of approximately 16 billion dollars (Sagban, 2020). Communication and sound recording devices have the highest share as 15.6% in trade between two countries in 2019. Most imports from China are seen in phones and electrical devices. Respectively, electrical machinery, devices and appliances are ranked second, textile products third, industrial machinery and devices fourth and office and automatic data processing machines fifth. Turkey's highest export items to China, on the other hand, are animal and vegetable fertilizers, salt, drew attention as minerals such as sulfur. The pen of metal ores and scrap the second product purchased by China from Turkey, are followed by inorganic chemical products and prefabricated.

As the reason why our exports to China could not be increased at the desired level is that the image of the 'Turkish Brand' could not be created, the diversity of the export products could not be increased and the lack of products with high added value (Konca & Uysal, 2013). Besides, China, where is the world's largest economy, is the largest trading partner in Asia for Turkey and is a country that Turkey imports of second in the world.

Additionally, our main export products to China consist of marble and natural stone, chrome, copper, lead, zinc ores, chemicals, on the other hand, developments are also observed in the exports of some product groups such as auto spare parts, gas turbines, weaving machines, and some product groups such as leather, wool, cotton and carpet. Turkey is exporting raw materials to China, where is the industrial country. Our main imported products are wireless telephone devices, automatic data processing machines, television cameras, and audio-visual devices. On the other hand, the total amount of investment in Turkey has made by China more than 2 million, and these sectors are telecommunication, energy, finance, mining and livestock and so on.

Based on the Graphic 1, investments from China to Turkey is below the 1 percent rate. The currency swap agreement, which is signed between the two countries the Central Banks in February 2012, renewed in 2019, it is understood that trade and economic relations between China and Turkey have a potential.

Graphic 1. Turkey Position in the Chinese and the World Market (%) (2017)



Source: (Ozdem, 2018)

Turkey supports efforts undertaken to implement 'Belt and Road' called 'Silk Road Economic Belt' and '21st Century Maritime Silk Road', which is began by China, besides, occupies a key position in terms of enterprise. It proves that Turkey is one of the first countries to support the initiative with the participation of President Recep Tayyip Erdogan to 'Belt and Road Summit', which hosted by President Xi Jin Ping in Beijing 14-15 May 2017. This situation has been the most important issue leading the commercial and economic relations of both countries in taking closer cooperation steps. Not only support of Turkey but also Turkey's key position in the development of this project has increased the sustainability of mutual trade relations.

Besides, when it takes into consideration the mutual tourism mobility, as a result of increased economic negotiations and treaties between the two countries in 2018 'Turkey Tourism Year in China' has been adopted and various activities are organized. Hence, the number of tourists coming to our country from China increased by 60% in 2018, reaching 394 thousand and in 2019 this number increased to 427 thousand (Ministry of Foreign Affairs, 2020). Moreover, it is seemed that the flow of Chinese tourists will increase even more thanks to new destination networks from cities such as Wuhan, Chengdu and Xi'an to Istanbul, Turkey.

Knowing that the China has the potential of the economy of the future, it is always necessary to be active in both economic and commercial relations.

3. PANDEMICS

The pandemic disease leads the illness and death of many people by spreading in a region or all over the world. Throughout history, many pandemics such as plague, typhoid and cholera have been observed and these diseases have caused the death of many people.

One of the pandemics that have affected the world the most has been the plague. The disease that emerged in China in the 1300s spread to Europe and caused the death of 75 million people (Kilicdere, 2017). Spanish Influenza, another important pandemic disease, is one of the largest known pandemics in history, which caused the death of nearly 100 million people (15% of the world's population) in 18 months 1918-1920. The pandemic known as Hong Kong or Chinese Flu first appeared in Hong Kong and caused the death of approximately 1 million people 1968-1969. Approximately 800 thousand people died in 191 countries from the swine flu pandemic in 2009 (Aslan, 2020).

Pandemics, natural disasters, political instability, internal conflict, wars, etc. crises can affect not only the country or region where the crisis occurred, but also all countries and regions, and cause the crisis to be experienced globally (Kosker, 2017). In similar cases, commercial demands between the two countries can vary depending on the impact and magnitude of the crisis, and economic losses can be inevitable.

COVID-19 is a large family of viruses that are common in the community, such as the common cold, which can cause more serious infections such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS) (Republic of Turkey Ministry of Health, 2020). Some cause simple

colds, while others cause more serious illnesses and outbreaks, such as Severe Acute Respiratory Syndrome (Tirmikcioglu, 2020). The cause of the disease called COVID-19 by the World Health Organization is its subtype called SARS-Cov-2. COVID-19 acronym includes Corona, Virus, Disease, 2019 (year) words together (Gong, 2020). The quiet period between taking on the body of the virus and the unseating of disease symptoms is between 2 and 14 days (Sahan, Ozgur, Arkan, Alaguney, & Demiral, 2019). It is stated that COVID-19 can stay 48 hours on plastics, 72 hours on steel, 24 hours on cardboard, 4 hours on copper, and hours in the air (Doremalen, et al., 2020).

A pandemic is a name given to pandemic diseases that spread rapidly in a continent or across the surface of the world and show their effect (Republic of Turkey Ministry of Health, 2020). The World Health Organization has declared COVID-19, which has spread worldwide as of March 11, 2020 as a global pandemic. Current data on COVID-19 are constantly shared by the World Health Organization through its official website. According to the situation report by the World Health Organization dated 31 March 2021 while the number of confirmed cases worldwide is 128 million 540 billion total number of deaths is more than 2 million 808 billion.

4. PANDEMICS AND TRADE RELATIONS

After the effects of the COVID-19 pandemic occurring in China primarily in the fields of tourism and travel, the most affected area has been foreign trade. As a result of the measures brought about by the pandemic, it started to affect the foreign trade of the world countries due to reasons such as quarantine practices, stopping production of factories and increasing additional obligations at the border, where goods are transported. The problems caused by the pandemic in the economic field and the losses it creates continue to increase its impact every passing day.

Actually, much of the effect is not due to the virus itself, but to measures taken to prevent it from spreading. These measures have caused to decrease the mobility in every sense such as workforce, production, and so on. However, there are two substantial factors which affecting the export. The first one is decreased domestic demand for exported products due to the COVID-19, which decrease production and domestic demand as well. The other factor is its effect on being productive by working remotely. Countries around the world have tried to maintain productivity with this working system.

Table 3. Change of Trade in Goods by Country for the Quarter 2-2019 & 2020 (\$)

Country	Q2-2019	Q2-2020
Australia	15.49	12.64
Canada	1.12	-3.46
France	-20.85	-25.80
Germany	60.11	25.40
Japan	-6.16	-22.07
United States	-221.96	-218.98

Source: (Organization For Economic Co-operation and Development, 2021)

After the COVID-19 was declared as a pandemic with the first case in Turkey, it has shown its effect in the commercial and economic field most in the second quarter of the year. As has shown in the Table 3, COVID-19 deeply affected the countries that play a leading role in international trade on these ranges mostly. According to the data shared by Netherlands Bureau for Economic Policy Analysis, change in world trade volume in 2020 April lived the worst scenario by decreasing 11.7% compared with the previous month. Japan, having the third largest economy in the world, has experienced its biggest contraction on history in the second quarter of the year covering the April-June period (Netherlands Bureau for Economic Policy Analysis, 2021).

Since the restrictions and measures taken do not cover only one continent, the world commodity trade volume decreased by 15.0% on an annual basis in the second quarter of 2020. Due to the effects of COVID-19, the world is experiencing radical changes in every field and the world economy is entering a deep recession and at the same time, global trade and investment are experiencing a serious decline. While the World Trade Organization (WTO) announced in its assessment on April 8, 2020 that international

world trade will shrink between 13% and 32% in 2020 as a result of the dramatic impact of the pandemic on global trade, on the contrary, the current data has shown that the whole of 2020, global trade down 5.3% only. While exports declined 8.5% in North America, 8.0% in Europe, 8.1% in Africa and 0.3% in Asia; imports, on the other hand, has declined 6.1% in North America, 7.6% in Europe, 8.8% in Africa and 1.3% in Asia.

Thus, it is predicted that after the pandemic, protective policies in trade may increase. This great decline and predictions for the future have paved the way for uncertainty in the world as a result of the pandemic's blow to trade (Jean, 2020). Looking ahead, global trade growth is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020 according to the forecast by the WTO. Besides, the historical contraction, experienced in the second quarter of 2020, is expected to improve.

WTO economists state that the contraction in global trade due to the pandemic is higher than the 2008 financial crisis. In April 2020, 80 countries had introduced export prohibitions or restrictions as a result of the pandemic; these measures mostly concern health-related products, but some of them concern food products, even though there did not appear to be a supply shortage.

4.1. Turkey

The quarantine practices implemented by countries within the scope of the pandemic started to affect the foreign trade of our country, as in many countries, due to reasons such as the cessation of production in factories and the increase in border controls where goods are transported. It is seen, on the other hand, the negative effects of the contraction in the world economies due to the COVID-19 pandemic, which has greatly affected the world both socially and economically since March, began to disappear in our country and the world.

If we look at the main reasons for the decrease in our foreign trade, we can state that the restrictive measures applied due to COVID-19 in the countries we trade in, as well as the shrinkage in demand due to the virus, have a significant effect.

Table 4. Foreign Trade by Months (Million US \$)

Months	Year	Exports (FOB)		Imports (CIF)		Balance	
		Value	Change (%)	Value	Change (%)	Value	Change (%)
January - December	2019	180 833		210 345		-29 512	
	2020	169 482	-6.3	219 397	4.3	-49 915	69.1
December	2019	15 387		20 055		-4 668	
	2020	17 850	16.0	22 381	11.6	-4 530	-3.0

Source: (Turkish Statistical Institute, 2021)

When we take the information of the Table 4, in December 2020, while exports increased to 16% with \$17 850 million compared to the same month of the previous year, imports were experienced an increase 11.6% by \$22 381. In general, when we consider the whole 2020 year compared to the previous year, we can see the effects of the pandemic on both export and import balances. Such that, export data shown the sharpest decline by 6.3%, while the import, on the contrary, has increased to \$219 397 million by 4.3% positively. On the other hand, the foreign trade deficit increased by 69.1% and declined to 49 billion 915 million dollars.

While Germany took the first place among the countries exported in 2020, 15 billion 975 million dollars was exported to this country. Germany was followed by the UK with 11 billion 237 million dollars, the USA with 10 billion 184 million, Iraq with 9 billion 135 million dollars and Italy with 8 billion 75 million. Exports to the top 5 countries made up 32.2% of total exports in this period. On the other hand, Turkey's top imports from China were 23 billion 20 million dollars in 2020, it is followed by Germany with 21 billion 714 million dollars, Russia with 17 billion 859 million dollars, the USA with 11 billion 518 million dollars and Italy with 9 billion 190 million dollars. The ratio of first five countries in total imports was 38.0% in the same period (Turkish Statistical Institute, 2021).

Moreover, a significant part of our import is made to Continental Europe and there are serious decreases in our imports to countries affected by the pandemic. Especially, the increase in the COVID-19 case in Italy, which is our third largest market in exports and 5th in imports, brought the trade between the two countries to a halt. A similar situation can be said for imports to Denmark.

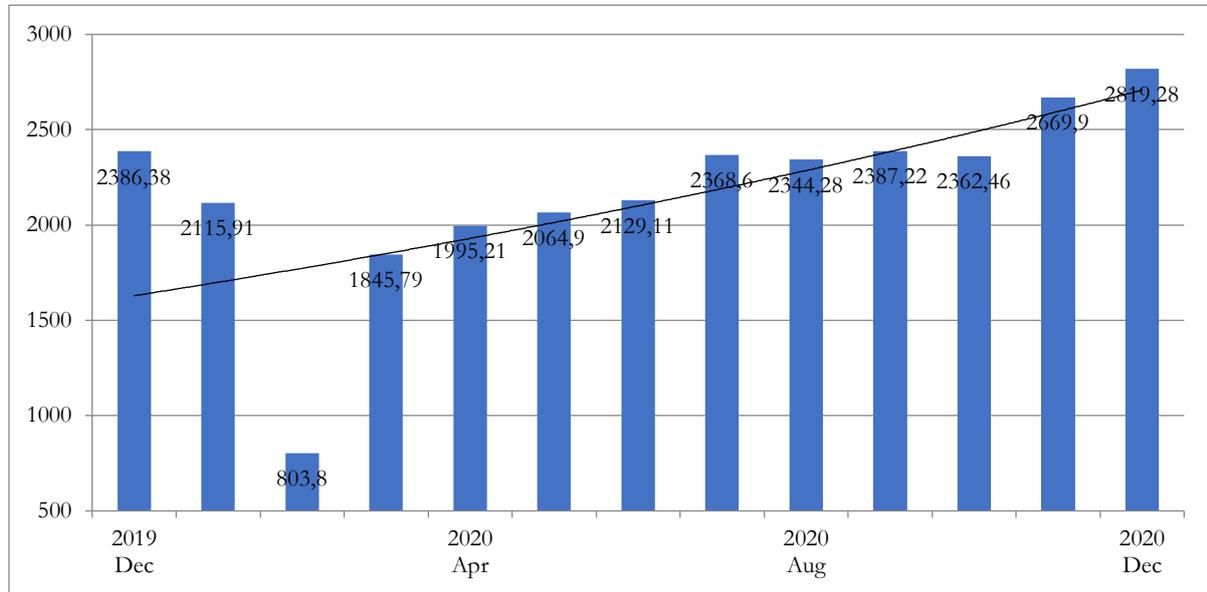
4.2. China

China is obviously the first country to face the real impact of the COVID-19 pandemic. Starting in the city of Wuhan, where the virus was first seen, with a population of 11 million, the measures not only prevent business travel, but also restrict the movement of workers, goods and consumers.

The first measures are taken that the government of China extends the Chinese New Year holiday, which is celebrated on January 24 this year, until February 10 in order to reduce the rate of spread of the COVID-19 pandemic. However, this decision caused huge damage to the economy of the country due to a noticeable decrease in production. The quarantine and restrictions that China has put into practice since the time the cases got out of control have significantly reduced production in factories and forced the demand for product services to decrease due to isolation practices (Yap, 2020).

Oxford Economics was estimated that China’s growth will decrease to 4% in the first quarter of 2020 compared to the same quarter of the previous year. Before the pandemic, both the first quarter and year-end growth forecast was predicted as 6%. However, if we look at the Graphic 2, in the first half of 2020, China’s goods trade, in U.S. dollar terms, contracted by 6.6% year on year to 2.02 trillion U.S. dollars, according to the General Administration of Customs (GAC). In contrast to the first half of the year, exports also grown by 0.5% to 213.6 billion U.S. dollars in June, strongly beating expectations and showing signs of recovery, official data stated. Based on the given data, it can be said that in the last month of 2020, China’s exports increased by 18.1% compared to the same month of the previous year and reached a record level. As in the world countries, the most negative result of the pandemic was undoubtedly seen with a 96.20% decrease in February. With the disappearance of the effects of the pandemic in the early period, the export of the country has gained a constant acceleration by being recovery process.

Graphic 2. China’s Export Data (Hundred Million \$)

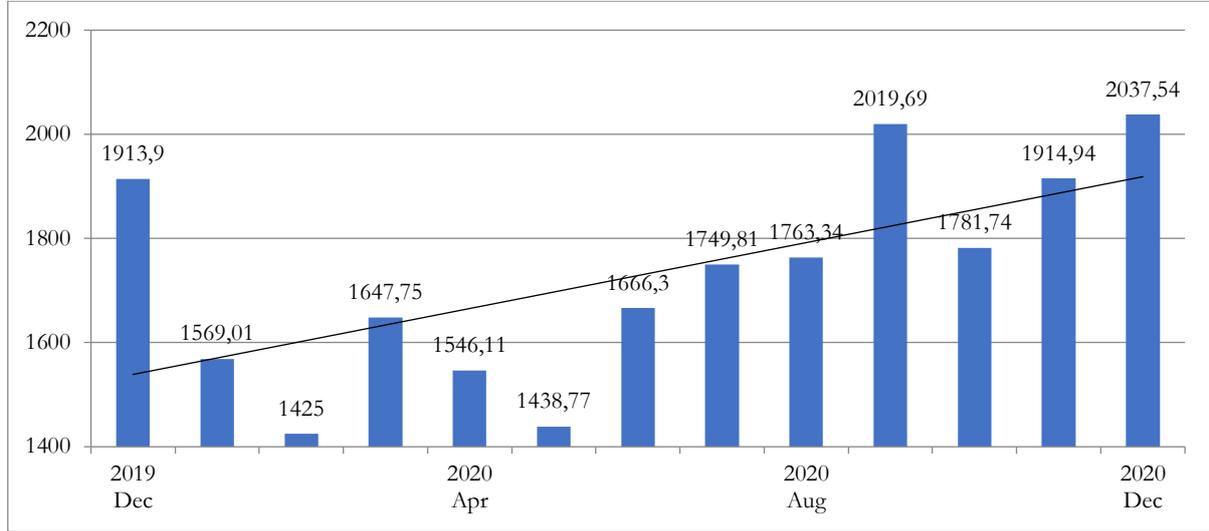


Source: (Trading Economics, 2021)

On the other hand, when we examine the import data of China, we may obviously state that it is experiencing a peak level by reaching \$2037.54 hundred million in December 2020 as increase 6.5% compared to the same month of the previous year. Apart from February and May, we can say that China’s import is always on the increase, leaving the effects of the pandemic behind. However, thanks to the measures taken to minimize the negative effects of the virus and the remedial policies implemented by the

Chinese government for businesses, China's foreign trade gained momentum after May. After the shocks in the first quarter of the year, when cases were on the rise, there was a recovery and positive development in both import and export data in the second quarter. In June, foreign trade increased by 5.1% compared to the previous year, with exports and imports growing 4.3% and 6.2%, respectively (General Administration of Customs PRC, 2020). As a consequence, China's foreign trade development is now facing a grimmer and complicated external environment.

Graphic 3. China's Import Data (Hundred Million) (\$)



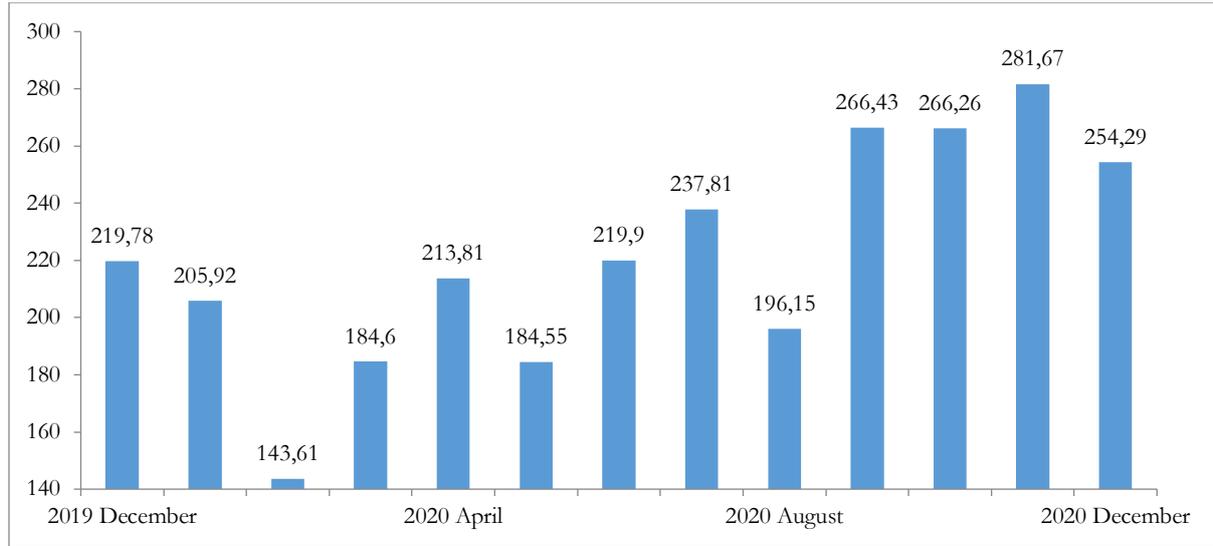
Source: (Trading Economics, 2021)

5. CHINA AND TURKEY COMMERCIAL RELATIONS ON COVID-19 OUTBREAKS PROCESS

The fact that the countries of the world are struggling with the pandemic has caused the global trade to come to a standstill for a while. In this context, the dimension of trade relations between China, where is an important actor in the world trade, and Turkey draws attention. The trade volume between the two countries reached 126 billion 80 million dollars in 5 years.

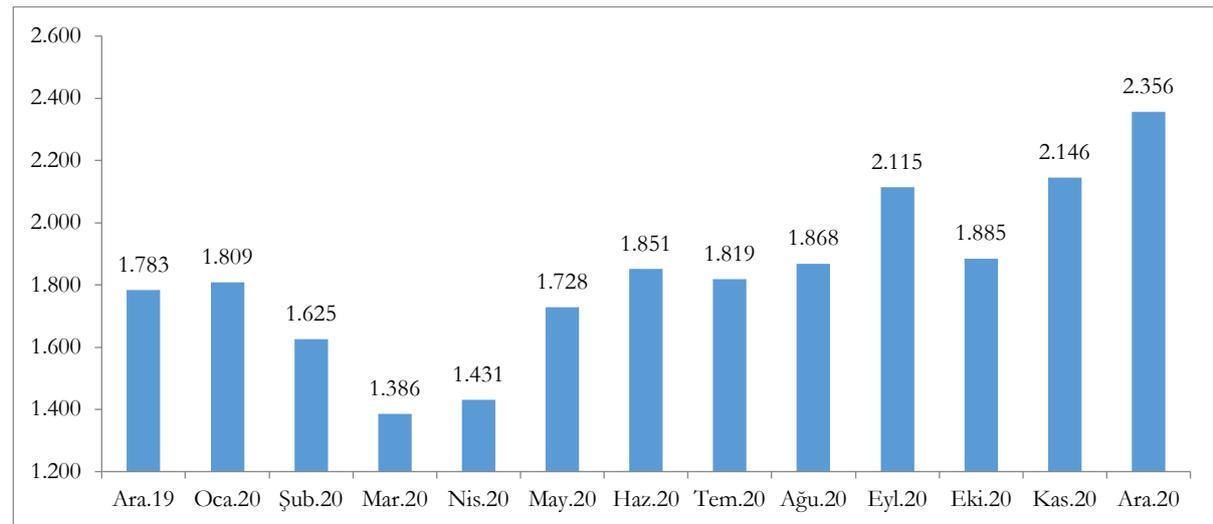
The first of the measures taken against the COVID-19 pandemic is transportation services. The temporary suspension of all flights from China, starting from February 5, actually meant that all exchanges between both countries would cease. It will be more difficult for Turkish companies located in China to maintain their economic and commercial activities, which are already interrupted, and this will create a narrowing effect on the trade between the two countries. The Graphic 4 and Graphic 5 below show the commercial data export by Turkey to China and Turkey's import from China month by month from December 2019 until end of 2020.

First of all, if taking to consider a year period between from beginning the pandemic and December 2020, it is observed an increase of 15.70% in the field of export of Turkey to China. Since Turkey takes some measures towards China, we may recognize the effects of the pandemic between the two countries by being a sharp drop as \$143 million in February. This situation had caused reactions from the opposite side. After the sharp decline in February, a bad scenario was encountered again in May. It is clear that Turkey's exports to China upward trend generally in except February month.

Graphic 4. Turkey Export to China (USD Million) (Monthly)

Source: (CEIK, 2021)

In terms of Turkey's import from China, on the other hand, as of February, when the most in China is experiencing the effects of COVID-19, it is seen Turkey had suspended imports and the results of the measures have taken is observed the worst in March. These negative had effected continued until May. Due to the fact that the countries of the world do not have enough knowledge about the disease and they face such a pandemic for the first time, imports from China have been partially stopped. These measures led to a decrease in the first quarter data. Turkey, where imports an average of 20-21 billion dollars from China, provides a significant part of its intermediate goods, raw materials and investment goods needs from this country. It currently using products from the remaining stock had to reduce imports from China due to COVID-19. When we are taking to consider one-year period between from beginning the pandemic and December 2020, it is observed an increase of 32.16%. Besides, total imports from China have reached \$2.356 billion in December as an increase of 9.78% compared to previous month. In general, it is understood that both countries cater their commercial potential between each other in the COVID-19 process.

Graphic 5. Turkey's Import from China (USD Billion) (Monthly)

Source: (CEIK, 2021)

According to foreign trade data of the Turkish Statistical Institute, Turkey has carried out about \$329 million of agricultural and food products from China with imports of raw materials in the whole of last year. When we look at products that Turkey's imports from China, most of the products imported 74

thousand tons of confectionery sunflower, we see that the second product rice with 48 thousand tons. One of the most important foods imported from China, which has been struggling with COVID-19 for a while, is the feed given to animals. Our country is dependent on imports for approximately 45% of compound feed raw materials. In this respect, we also have 22 thousand tons of compound feed import from China.

On the other hand, it was stated that within the scope of the new measures taken regarding the COVID-19 outbreak on February 7, 2020, it was decided to temporarily stop the import of all kinds of living and non-living animals, animal products and by products from China. It has been announced that among the products whose importation has been stopped are poultry, seafood, molluscs, animal fats and similar products. This decision has caused reactions from the Chinese government. Republic People of China stated that the decision in question was contrary to the spirit of the World Health Organization's statement on the grounds that the World Health Organization did not support restrictions on trade with China. The Embassy of China in Ankara has drawn attention by making a written statement in the way this decision will be harm present trade arrangement between China and Turkey, and this approach will hurt the feelings adversely by our people who fighting the pandemic. With the decrease in the number of cases on the Chinese side and the return of life to normal, the decision in question was lifted on May 1, 2020, and it is considered that this will contribute to the process in our exports of agricultural products.

Besides, Republic of Turkey has helped out medical supplies to China with the start of the pandemic and had brought their citizens to Turkey via special military plane. Then, China has provided health care equipment to Turkey and had been sold test kits by the appearance of the disease in Turkey. Both countries strive to sustain mutual commercial relations during the pandemic, despite the negative impact on their own economic data and commercial revenues. Moreover, it is seen that new steps have been taken in order to increase commercial relations. While Turkey recognizes its firms which are China's "Accredited Incumbent" status, it is on the agenda that an agreement will be signed to facilitate commercial activities by recognizing Turkish companies of this status by China. These companies will have similar rights they have in their country.

In fact, since commercial relations are not limited by product supply, we should look at the tourism interaction of China to Turkey during COVID-19. According to Turkish Statistical Institute data, the number of Chinese tourists visiting Turkey has doubled in the last 20 years. While 21 thousand 518 Chinese tourists visited Turkey in 2000, this number was only 426 thousand 344 in 2019. This number is expected to decrease in 2020 because of the taken restrictions. Accordingly, in January 2020, 23 thousand 580 Chinese tourists visited Turkey. Contrary to this, this number was 25 thousand 33 in January 2019. This means a 6% decrease compared to the same period last year. It is likely that the impact of the pandemic on tourism will emerge from February. Turkish Airlines (THY) announced on February 3 that due to the COVID-19 outbreak, Beijing, Guangzhou, Shanghai and Xian flights were stopped until the end of February. When we look at the February data, on the other hand, the number of Chinese tourists, which was 31 thousand 074 in 2019, decreased to 5 thousand 644 in February 2020. In the number of Chinese who have entered Turkey in February compared to the same month of the previous year decreased 82% (Ministry of Culture and Tourism, 2020). Considering the total 2020 January and February, the number of Chinese tourists decreased by 48% compared to the same period of the previous year.

On the other hand, thanks to the Belt and Road Project, which aims to create a continuous way trade from Beijing to London by reviving the historic Silk Road, has increased interest in Turkey. According to the Turkish Statistical Institute data, the Chinese ranked eighth with 415 residences on the list of the most residential purchasers from Turkey even in the first half of the year when the new type of COVID-19 pandemic was felt most intensely. Even during the pandemic period, the housing sector between the two countries has accelerated without interruption.

However, we can say that the international trade system implemented will play a major role in reducing the negative effects of the measures taken in order to control the pandemic. From the point of China, Turkey is an important business developer partner for undertaken the task of the central corridor of the Silk Road Project and is gateway to Europe as well. Many restrictions that are brought by Europeans are becoming a facilitator situation by way of Turkey. For Turkey, in case, China is in the position of the biggest trading partner and import suppliers in Asia. It is a great opportunity to develop the market and export in the following years after Europe. In this way, we may give some suggestion in order to both countries improve commercial relations;

1. Since the Customs Union or Free Trade Agreement between China and Turkey has all of the customs duties and additional customs duty is charged. Therefore, the dumping duties are applied to many products of Chinese origin imports into Turkey. This issue needs to be addressed as it will dramatically affect the import cost of the products.
2. By establishing a platform consisting of Chinese citizens, who have been trained or living many years in Turkey, and at the same way Turkish citizens, who have been living in long terms in China, the dialogue between two countries can be carried out with firm steps.
3. In order to compensate the trade deficit, investment relationships should be established based on the principle of mutual benefit (win-win) by focusing on sectors with potential.
4. In order to take an active role in both political and commercial relations, Turkey should be a pioneer in sub-projects such as joint investment and construction projects under the One Road One Belt Initiative. Turkey should use this initiative as a channel in its relations with China.
5. The both countries, where are the members of G20 troika and have an influential position at CICA, should improve bilateral dialogue by using multilateral platforms such as the G20, CICA.

4. CONCLUSION

The new type of COVID-19, which has affected the world by beginning from China first since the last month of 2019, has become a new threat that countries have not encountered before. It is thought that the priority choices in production and consumption will be affected because of the danger and panic situation of the pandemic poses in human life. With the pandemic, people have put basic need and health in the foreground by postponing the unneeded investments.

The pandemic directly affected many sectors such as international trade, economy and tourism, and strict prohibitions and measures were introduced by countries. While world trade decreased by 3% throughout 2019, it has seen to decrease by 3% in a short time like the first quarter of 2020. With the restrictions was imposed the result of the Covid-19 pandemic, disruptions were experienced in all commercial activities, and uncertain data were recorded in the commercial and economic data of the countries. The fight against the pandemic has deeply affected small businesses operating in the service sector, and partially affected the heavy industry sector. The support and loans provided by the countries to organizations and citizens within the scope of combating the pandemic are still insufficient for sustainable trade and market contraction is lived in this sense.

China, the country where the virus started, its fight against the pandemic has been positively reflected in economic data and commercial revenue by taking early measures compared to other countries in the fight against the virus. Although China's share of the global economy increased fourfold in 2019 compared to 2003, it has continued to grow in the difficult period in 2020. Considering the monthly trade data of China in the research, it has been among the countries less affected by the pandemic among the developing countries so that increased 6.5% in import and 18.1% in export December 2020 compared to the same month of the previous year. The main reasons for this are the advance of China's advanced technology and machinery industry, the development of artificial intelligence systems and the decrease in production based on manpower. At the same time, the strict follow-up of China's strict and prescriptive communist rule with deterrent measures has provided to success in fighting the pandemic.

Turkey is one of the countries always is on guard against the pandemic even before appearing in the country and took the necessary measures with the onset of the pandemic. To appreciate Turkey by the World Health Organization for the isolation it has applied since the first time the pandemic was announced is an indication that it manages the outbreak crisis positively. At the same time, it has facilitated to fight against the pandemic with its modern health centres and developed health infrastructure. Even if Turkey is influenced during the pandemic, it has an outstanding position in the ranking compared to the developed or developing countries. Especially, COVID-19 effects in Turkey's foreign trade data clearly seen. Considering whole 2020 years, there was a decrease of 6% in exports and an increase of 4% in imports. This is a proof that the country continues to be dependent on foreign countries during the pandemic period.

Even if China and Turkey are located at different political poles around the world with diplomatic relations that established after 1971, they have provided to advance commercial and economic relations. The peoples have had the opportunity to get to know each other thanks to both cultural and tourism

activities in the relations of two countries. Bilateral relations have developed positively by organizing Chinese culture year in Turkey in 2012, Turkish cultural year in China in 2013. When import and export data between the two countries examined in the article, even in the period of the pandemic by developing bilateral trade relations, it was determined the increase at 15.70% and 32.16% in exports and imports, respectively, in December 2020 compared with the same month in 2019. Based on these results, despite the pandemic process, there were no negativities in both imports and exports, between the two countries. It can be said that both countries have a potential to maintain their relations with each other not only commercially but also socially and culturally.

REFERENCES

- Adibelli, B. (2016). *Turkish and Chinese Relations from Ottoman to Today*. Istanbul: IG Culture and Art Publishing.
- Altan, S. (2013). Looking at the Ottoman from the East: Ottoman Perception and Nationalism in China in the 20th Century. S. Esenbel içinde, *Thinking About China in Turkey* (s. 90-114). Istanbul: Bogazici University Publications.
- Aslan, R. (2020). Endemic Diseases in History and Today and COVID-19. *Journal of Lake District Monthly Economy and Culture*, 35-41.
- Atay, L. (2020). Covid-19 Outbreak and Its Effects on Tourism. *Journal of Travel and Hotel Management*, 168-172.
- Bilgin, H. (2010). *China in Terms of Strategic*. Usak: Publications of the International Strategic Research Organization.
- CEIK. (2021). *Turkey*. CEIK: https://www.ceicdata.com/datapage/en/search?search_query=turkey. adresinden alındı
- Chakraborty, I., & Maity, P. (2020). COVID-19 Outbreak: Migration, Effects on Society, Global Environment and Prevention. *Science of the Total Environment*, 1-7.
- Doremalen, N. v., Morris, D. H., Gamble, A., Tamin, A., Lloyd-Smith, J. O., Munster, V. J., . . . Bushmaker, T. (2020). Aerosol and Surface Stability of SARS-CoV-2. *The New England Journal of Medicine*, 1564-1567.
- Foreign Economic Relations Board. (2009). *China 2009*. Istanbul: Foreign Economic Relations Board.
- General Administration of Customs PRC. (2020, 07 14). *Review of China's Foreign Trade in the First Half of 2020*. General Administration of Cuatoms: <http://english.customs.gov.cn/> adresinden alındı
- Global Trade Alert. (2020). *Reports*. Global Trade Alert: <https://www.globaltradealert.org/reports> adresinden alındı
- Gong, J. (2020). China's War Against the New Coronavirus Pneumonia: the Struggles, Consequences and Repercussions. *Journal of Belt and Road Initiative*, 90-102.
- Guclu, Y. (2002). *Turkey's Foreign Economic Relations*. Ministry of Foreign Affairs of the Republic of Turkey: https://www.mfa.gov.tr/turkiye_nin-dis-ekonomik-iliskileri.tr.mfa adresinden alındı
- Gunes, H. (2012). Turkey China Relations. F. Sonmezoglu, N. O. Baklacioglu, & O. Terzi içinde, *The Analysis of Turkish Foreign Policy in the 21th Century* (s. 857-877). Ankara: Der Publications.
- Jean, S. (2020). How the COVID-19 Pandemic is Reshaping the Trade Landscape and What to Do About It. *Intereconomics*, 135-139.
- Kilicdere, S. (2017). Evaluation of 2016 Tourism Season Within the Scope of Crisis Management in Travel Agencies. *Journal of Travel and Tourism Research*, 19-45.
- Konca, K., & Uysal, B. (2013). *People's Republic of China Concept Merchandising Market Research*. Ankara: Ministry of Economy.
- Kosker, H. (2017). A Research on the Effects of the Crisis to Tourism Sector: the Example of Turkey in the 2016 Year. *Journal of Academic Perspective*, 216-230.

- Ministry of Culture and Tourism. (2020). *Tourism Statistics*. Ministry of Culture and Tourism: <https://yigm.ktb.gov.tr/TR-9851/turizm-istatistikleri.html> adresinden alındı
- Ministry of Foreign Affairs. (2020). Republic of Turkey and People's Republic of China Economic Relations. Ministry of Foreign Affairs.
- Netherlands Bureau for Economic Policy Analysis. (2021). *World Trade Monitor*. Netherlands Bureau for Economic Policy Analysis: <https://www.cpb.nl/en/worldtrademonitor> adresinden alındı
- Organization For Economic Co-operation and Development. (2021). *Monthly International Merchandise Trade*. OECD.Stat: https://stats.oecd.org/Index.aspx?DataSetCode=MEI_TRD adresinden alındı
- Ozdem, M. I. (2018). *Presantation Made For Turkey to get The Maximum Benefit From its Commercial and Economic Relations With China*. adaso: [http://www.adaso.org.tr/WebDosyalar/Ticaret%20Bakanl%C4%B1%C4%9F%C4%B1%20Sunumu%20\(%C3%87in\)_181010.pdf](http://www.adaso.org.tr/WebDosyalar/Ticaret%20Bakanl%C4%B1%C4%9F%C4%B1%20Sunumu%20(%C3%87in)_181010.pdf) adresinden alındı
- Republic of Turkey Ministry of Health. (2020). *COVID-19 Information Platform*. Ministry of Health: <https://covid19.saglik.gov.tr/> adresinden alındı
- Sagban, S. (2020, 06 21). *Republic of Turkey vs People's Republic of China*. Journal of Turkishİme: <https://www.turkishtimedergi.com/ihracat/turkiye-cumhuriyeti-vs-cin-halk-cumhuriyeti/> adresinden alındı
- Sahan, C., Ozgur, E. A., Arkan, G., Alaguney, M. E., & Demiral, Y. (2019). *Diagnostic Guide for Occupational Disease in COVID-19 Pandemic*. Ankara: Public Health Professionals Association.
- Sahin, S. (2021). Investigation of the Turkey and China Relations and Its Media Movements. *Mecmua*, 435-454.
- Temiz, K. (2017). *Turkey and China Relations*. Ankara: Politics, Economy and Society Research Foundation.
- Tirmikcioglu, Z. (2020). Drug Use in Pregnant Women Infected with COVID-19. *Anatol Clin*, 51-58.
- Trading Economics. (2021). *China*. Trading Economics: <https://tradingeconomics.com/search.aspx?q=china> adresinden alındı
- Turkish Republic Ministry of Commerce . (2021). *China Country Profile* . Ankara : General Directorate of Foreign Representations and International Events .
- Turkish Statistical Institute. (2021, 01 29). *Foreign Trade Statistics*. Turkish Statistical Institute: <https://data.tuik.gov.tr/Bulten/Index?p=Foreign-Trade-Statistics-December-2020-37412> adresinden alındı
- World Health Organization. (2021). *COVID-19 Dashboard*. WHO: <https://covid19.who.int/> adresinden alındı
- World Trade Organization. (2020). *COVID-19 and World Trade*. World Trade Organization: https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm adresinden alındı
- Xia, X., & Wang, W. (2007). The Evolution of Sino-Turkish Relations. *Waijiao Pinlun*, 32-38.
- Yap, C.-W. (2020, 02 08). *China's Factories Struggle to Resume Operations After Virus Shutdown*. The Wall Street Journal: <https://www.wsj.com/articles/chinas-factories-struggle-to-resume-operations-after-virus-shutdown-11581157800> adresinden alındı
- Yoo, J.-H. (2020). The Fight Against the 2019-nCoV Outbreak: an Arduous March Has Just Begun. *Journal of Korean Medical Science*, 35-56.