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The Strategic Importance of The “Belt and Road Initiative” Connectivity With The “Middle Corridor” Program in Turkey.

Türkiye’de “Orta Koridor” Programı İle “Kuşak-Yol Girişimi” Bağlantısının Stratejik Önemi.

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THE STRATEGIC IMPORTANCE OF THE “BELT AND ROAD INITIATIVE” CONNECTIVITY WITH THE “MIDDLE CORRIDOR” PROGRAM IN TURKEY

Abstract

In 2015, to align the Belt and Road Initiative” (BRI) of China with the “Middle Corridor Program” of Turkey, a memorandum of understanding between China and Turkey was signed. The constitutional amendment shows that Turkey’s institutional environment and economic initiatives are changing. This change enhances the marginal cost of Sino-Turkish international economic cooperation and raises new challenges for the implementation of this cooperation in the context of building the BRI. This paper aims to analyze the Middle Corridor’s current situation between Turkey and China within the scope of BRI. PEST analysis is a method used to define the macro-environment. This paper investigates the primary trend of the Turkish economy, especially economic policies, and institutions through PEST analysis; explores the reality of the economic, political, social, and trade cooperation established between China and Turkey, and characterizes problems and challenges facing this cooperation. Finally, the study suggests that the following are keys to the China-Turkey cooperation; the strengthening of political mutual trust and security coordination, further expansion of the ‘opening up’ to enhance their respective industrial competitive advantages and to augment the complementarities of trade structures already in existence.

Keywords: Belt and Road Initiative, Middle Corridor Program, Turkey, Silk Road, PEST Analysis

TÜRKİYE'DE “ORTA KORİDOR” PROGRAMI İLE “KUŞAK -YOL GİRİŞİMİ” BAĞLANTISININ STRATEJİK ÖNEMİ

Öz

2015 yılında Çin'in “Kuşak-Yol Girişimi”'ni Türkiye'nin “Orta Koridor Programı” ile uyumlu hale getirmek için Çin ile Türkiye arasında mutabakat zaptı imzalanmıştır. Anayasa değişikliği, Türkiye'nin kurumsal ortamının ve ekonomik girişimlerinin değişmekte olduğunu ve bu durumun Çin-Türk uluslararası ekonomik işbirliğinin marjinal maliyetini artırmakla kalmayıp aynı zamanda Kuşak ve Yol Projesi'nin oluşturulması bağlamında bu işbirliğinin uygulanması için yeni zorluklar da ortaya çıkardığını göstermektedir. Bu makale, Kuşak ve Yol Projesi kapsamında Türkiye ile Çin arasındaki Orta Koridor'un mevcut durumunu analiz etmeyi amaçlamaktadır. Makro çevreyi tanımlamak için kullanılan bir yöntem olan PEST analizi ile bu çalışma; Türkiye ekonomisinin temel eğilimini, özellikle ekonomi politikaları ve kurumları; Çin ile Türkiye arasında kurulan ekonomik, siyasi, sosyal ve ticari işbirliğini araştırmakta ve bu işbirliğinin karşı karşıya olduğu sorunları ve zorlukları karakterize etmeye çalışmaktadır. Son olarak çalışma, Çin ve Türkiye'nin işbirliğinin anahtarının siyasi karşılıklı güvenin ve güvenlik koordinasyonunun güçlendirilmesi, ilgili endüstriyel rekabet avantajlarını artırmak için “açılımın” daha da genişletilmesi ve hâlihazırda var olan ticaret yapılarının tamamlayıcılıklarının artırılması olduğunu göstermektedir.

Anahtar Kelimeler: Kuşak-Yol Girişimi, Orta Koridor, Türkiye, İpek Yolu, PEST Analizi

INTRODUCTION

In 2013, the Chinese President, Xi Jinping came up with The Silk Road Economic Belt and the 21st Century Maritime Silk Road (MSR). The east and west were linked by the ancient Silk Road and commenced a period of grand exchanges in the history of mankind about 2,000 years ago. Not only is the Silk Road a bridge interfacing the European and Asian continent but also carries our ancestors' hope of friendly communications.

The quest to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road received major boost when the Vision and Actions for these projects were promulgated in 2015. The document in this regard suggested promoting the coordination of policy, connectedness of infrastructure and amenities, trade liberalization, and financial unification. It spelt out individual's appreciation and adherence to the precepts of attaining joint development through deliberation and teamwork in driving construction of the Belt and Road.

At the end of 2016, the "Belt and Road Initiative" was tabled as one of the resolutions of the 71st session of the United Nations General Assembly and received a unanimous endorsement from 193 member states. This was followed by passage of Resolution 2344 in March 2017 by the UN Security Council. It called for the bolstering of regional economic cooperation in regard to the construction of the Belt and Road Initiative. Peter Thomson, Chairman of the UN General Assembly said that the "Belt and Road Initiative" proposal by China was contingent on the concept of common global prosperity. It is highly compatible with goals of the 2030 Sustainable Development Agenda published by United Nations (<http://news.sina.com.cn/o/2017-10-26/doc-ifynfrfm9180008.shtml>) thus, many institutes of the UN started cooperating with the Chinese to promote BRI.

The Belt and Road Forum for International Cooperation was held in May 2017 in the national capital, Beijing. It was under the theme "*strengthening international cooperation and co-building the 'Belt and Road' for win-win development*". This was subsequently followed by further guidance issued by Council of State seeking the leadership and regulation of foreign investment. The 'guidance' also stipulated that the promotion of foreign investments, especially within the infrastructure sector needed to be prioritized by the Chinese. This is projected to be beneficial in respect of BRI construction and the shared anchor of infrastructure, and constantly undertaking overseas investment which would ensure the driving of high capacity of superior production, state-of-the-art equipment and the "export" of technical

standards (http://www.gov.cn/zhengce/content/2017-08/18/content_5218665.htm).

In order for this project to be a success, countries along the Belt and Road (BRI) have been urged to improve their plans harmonizing all infrastructural development and technical standard systems. Also, they should unanimously continually sustain the construction of international trunk passageways, and establish an infrastructure network to connect all sub-regions in and between Asia, Europe and Africa in a sequential order (http://www.xinhuanet.com/english/2015-03/28/c_134105411.htm). Over the past five years, the BRI has had an impact on every country along it. More than 60 countries have joined this initiative and some of them have signed the Memorandum of Cooperation. To show their commitment, China has made over \$50billion investment since 2013 in the countries part of the BRI including the building of trade and economic cooperation zones by Chinese businesses numbering 56.

This study aims to investigate the current situation of the Middle Corridor between Turkey and China within the scope of BRI. The article will start giving explanation about ancient Silk Road and then modern Silk Road in other words “One Belt One Road” and “Belt Road Initiative”. It will continue with the role of Turkey’s geography, current infrastructure cooperation between China and Turkey, Middle Corridor concept and its goals. This is a qualitative research supported by situational analysis. In line with the study's purposes, exploratory research was carried out by scanning the literature from various sources. The collected data were evaluated with the PEST analysis method, and the current situation was revealed. Each letter represents one factor (P: Political, E: Economic, S: Social, T: Technological). This study will focus on the political, economic, and social factors. Through PEST analysis this paper explores the basic trend of the Turkish economy, especially economic policies, and institutions; explores the reality of the economic and trade cooperation established between China and Turkey, and characterizes problems and challenges facing this cooperation. At the end, to improve this relationship, the paper will try to give some recommendations.

1. LITERATURE REVIEW

The historical Silk Road, which lived its golden age in the Roman period, is a historical fact that gives direction to the world. At that time, Anatolia was at the crossroads of the Silk Road connecting the land and the sea. The Silk Road has provided east-west interaction for many centuries, leading to the formation of

modern “east-west” concepts. The Silk Road also established a lively trade relationship between Europe and Asia and established cultural ties between long distances (Vodinali, 2018: 151). The Silk Road, which takes its name from the commodity in which it trades the most in China, has more than a thousand years of silk, porcelain, paper, spices, as well as armies, ideas, diseases, religions and cultures, and the route lost its popularity with the development of maritime trade (BusinessHT, 2017).

The Silk Road, which has an important place in history, has been revived in the 21st Century with an Initiative in title “One Belt One Road (OBOR)”. OBOR process, developed under the leadership of China, with its scope and content on a global scale, is a historical fact that constitutes the bases of commercial, cultural, and political transformation. In particular, China needed the OBOR Initiative to sustain its high growth rate in the last 40 years, to increase its effectiveness both in the region and globally, and to secure routes of trade and energy. OBOR process, also called “win-win initiative since its inception, provides infrastructure, financial and industrial investment opportunities to “developing countries which make up majority of the member countries (Güner, 2018).

BRI is a platform perceived as the biggest in the world in terms of international cooperation and reigns as the most attractive universal community product. Its acceptance of optimism underscores the inspiration of people’s dreams, and to offer belief among diverse countries and their populace (Brakman, et al., 2019).

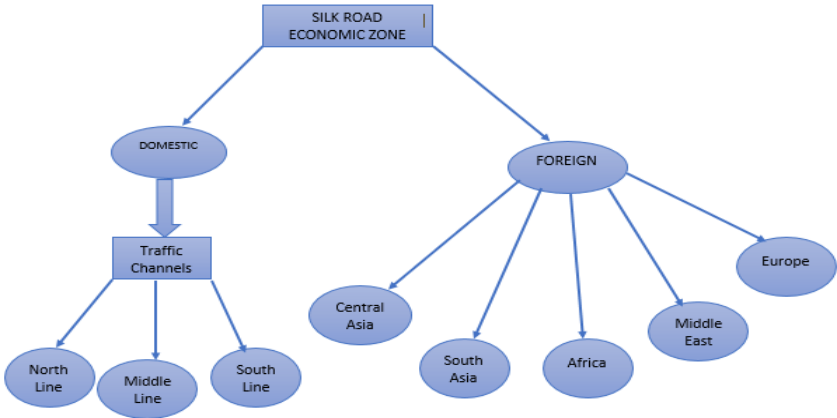


Figure 1: The Silk Road Economic Zone

Figure 1 above depicts the Silk Road Economic Zone which has two divisions viz domestic and foreign. There are three main lines under domestic which are

North, Middle and South. The north line covers the ‘New Eurasian Continent Bridge’ while that of the middle accommodates the oil and gas pipeline and the south line is basically the cross-country highway. Foreign section includes Central Asia, South Asia, Africa, Middle East and Europe.

When the literature about belt and road initiatives is reviewed, most studies are about international relations, foreign policy, and economics. Özdaşlı (2015) researched China's New Silk Road Project and its global effects. In his article, Zan (2016) has discussed the Turkish economic and social development strategy under the Belt Road Initiatives. Ergünsü (2017) investigated the effects of the New Silk Road on China-Turkey cooperation. Chen (2019) has given some recommendations for the development of Turkey-China relations. Yilmaz, Erdem, Kubra (2020) have evaluated the trade impact of the New Silk Road on Turkey's economy regarding transport and tourism. Zeybek (2020) has revealed the opportunities and threats to developing intercontinental rail container transportation in the Middle Corridor with PESTLE analysis. Isık and Zou (2019) focused on the security cooperation between China and Turkey under Belt and Road Initiatives. As a result, the research investigating the current situation of the Middle Corridor between Turkey and China within the scope of BRI with a macro-perspective has not been found in the literature. This study has been written to fill this gap.

1.1. The Role of Turkey's Geography and Infrastructure Connectivity in BRI

Turkey is literally the pivot of the Silk Road Economic Belt and 21st Maritime Silk Road. It has coastline of 7200km, and land border length is 2648km. The geographical location and geopolitical strategic significance of Turkey are a key at the crossroads connecting Europe and Asia as Turkey lies in the pass of the BRI. It is estimated that China and 43 Belt and Road countries are directly connected by about 4200 flights every week. Subject to efforts boosting this initiative, processes pertaining to railway borders have been streamlined, accounting for about 39 China-Europe freight train routes which are currently in operation (http://english.gov.cn/news/top_news/2017/04/21/content_281475632838801.htm).

What has been prioritized in this initiative which doubles as the core focus of the BRI is infrastructure connectivity. Infrastructure is believed to have strong and direct economic impact as well as on employment. Report from the World Bank indicated that, an infrastructural investment of \$1billion could potentially create 110,000 essential jobs (Estache, et al.,2013). However, countries along the One Belt and One Road have their infrastructural levels lower than average level of

developing countries (Noumba Um, et al., 2009). As stated, the main project and/or focus of the BRI include transportation, communications, and energy infrastructure connectivity within Asia and between Asia and Europe.

1.2. The Goal of Infrastructure Connectivity in BRI and Its Plan

Resulting from respect for national sovereignty, and other security concerns. The BRI opines that, in the initiative's best interest, processes to dock construction plans and other technical standards systems must be bolstered by countries and regions along the BRI and they should jointly promote the construction of international channels. This should lunch them into forming a network of infrastructure which could connect Asia and its sub regions, Africa and Europe (http://www.qsttheory.cn/2017-05/12/c_11_20962775.htm).

In the action plan of BRI, there are six corridor constructions intensified as cooperation priorities. These 6 corridors are as follows:

- Eurasian Economic Corridor
- CPEC (China Pakistan Economic Corridor)
- Middle Economic Corridor
- Mongolia and Russia Corridor (Trans-Asia Corridor)
- Southeast Asia Corridor (Pacific Corridor)
- Indo-China Corridor

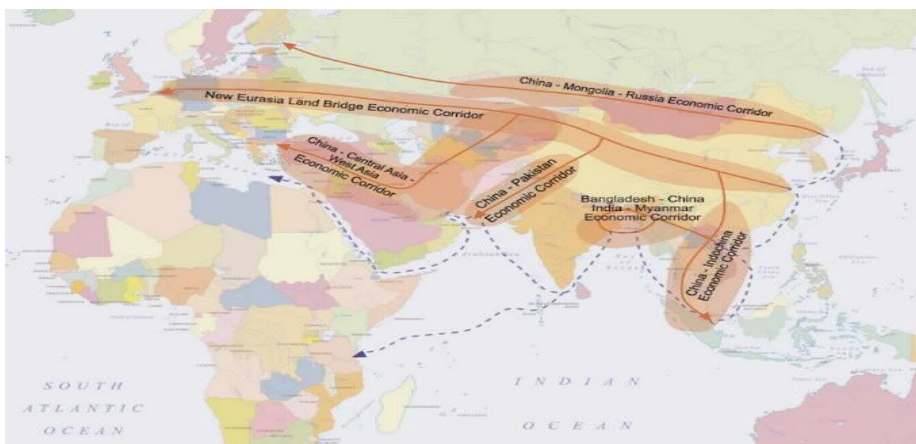


Figure 2: Six Corridors under BRI (Source: <https://www.vifindia.org>).

Economic Corridors serve as strategic pillars and the main content of the BRI, with more than 60 developing countries along the route who have been listed as the priority targets of China's foreign exchanges. On the foundation of 6 economic corridors, the BRI strategic concept has been implemented. Among them, the China-Central Asia-West Asia Economic Corridor originates from Xinjiang and passes through Central Asia to the Arabian Peninsula, reaches the Persian Gulf, and the Mediterranean coast. The Arabian Peninsula is an essential aspect of the Silk Road Economic Belt. It mainly involves seven countries namely, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran and Turkey. Two important finance institutes were set up at the same time for financing the projects in BRI. The Silk Road Fund capitalized with 40 billion dollars, and Asian Infrastructure Investment Bank (AIIB). The Chinese government however plans to add more capital to fund the BRI for its demands.

1.3. Turkey in the China-Central Asia-West Asia Economic Corridor

In regards of China-Central Asia-West Asia Economic Corridor, there have been efforts towards its improvement including the sixth ministers' meeting of the China-Arab Cooperation Forum in Beijing on June 5, 2014. The speech delivered by Xi Jinping was deemed very important having advocated for the construction of a China-Arab "1+2+3" cooperation structure. This encompasses taking energy cooperation as the main fulcrum; infrastructure construction, trade and investment facilitation into two wings; nuclear energy, space satellites, and new high-tech fields as three major breakthroughs and strengthen the cooperation between China and Arab countries comprehensively. This has subsequently created conditions conducive enough for the strategic growth of China-Arab affiliations as well as building of the SREB. In addition, frequent exchanges of high-level visits between Chinese and West Asian countries have been frequent since 2013, and policy coordination between Chinese and West Asian countries has been strengthened.

1.4. The Current Infrastructure Cooperation Between China and Turkey Under BRI

The Ankara-Istanbul High Speed Rail is the largest engineering cooperation project between China and Turkey since the establishment of diplomatic relations 40 years ago. This high-speed rail project is deemed the first that Chinese companies have won in a NATO country. As in 2018, the Ankara-Istanbul High-speed Rail project had been in safe commercial operation for two years and was fully handed over to the Turkish Railways Administration on August 10 (<http://finance.sina.com.cn/roll/2017-05-14/doc-ifyfeivp5683938.shtml>). The Ankara-Istanbul high-speed

rail is 533 kilometers in length. In 2006, the China National Machinery Import and Export Corporation formed a consortium with China Railway Construction Corporation that beat several companies in Europe and America and successfully won the second phase of the project. The project, with a contract value of \$1.27 billion, covered a total length of 158 kilometers, speed of this design was 250km per hour. The official opening ceremony was held on July 25, 2014.

In 2015, China Merchants Group International, COSCO Pacific, and CIC Overseas formed a consortium to acquire 65% of the shares of Turkey's third-largest container terminal, Kum Harbor. China has also conducted a series of cross-border mergers and acquisitions with Turkey. In 2014, ICBC acquired a 75.5% stake in Turkish Textile Bank. In 2016, the Bank of China established a sub-bank in Turkey. The financial cooperation between China and Turkmenistan has accelerated the pace of internationalization of the Renminbi and promoted Istanbul to become a Renminbi settlement center, providing financial support for Chinese-funded enterprises in Turkey to participate in the construction of the BRI project. On January 16, 2016, Turkey officially became a founding member of the AIIB and injected capital of US\$2.609 billion into the Asian Investment Bank and ranked 11th out of 57 founding members (AIIB, 2019). Turkey's accession to the Asian Investment Bank has strengthened cooperation with Asian countries in the fields of finance, energy, infrastructure and education, making financing more convenient and laying a solid foundation for Turkey's wider participation in the construction of the "Belt and Road Initiative".

1.5. The Conception of Middle Corridor Program and Its Evolvement

The Middle Corridor starts from Turkey, reaches Georgia and Azerbaijan by railway. It continues, via ferry through the Caspian Sea to Turkmenistan as well as Kazakhstan. It then goes through Afghanistan and Pakistan with its final destination in China (http://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa). Due to the scope of the Middle Corridor, its role in reinvigorating the Silk Road is crucial.

In the context of the Middle Corridor project, the "Joint Cooperation Protocol on Development of Transport among the Member States" was signed by Transport Ministers of Member States within the Turkic Council. Turkey becomes the exit of the New Silk Road to Europe. The Trans-Caspian Transit Corridor has been called as the Middle Corridor and it includes very important railways, energy lines, highways, and other infrastructure projects.



Figure 3: The Middle Corridor (Source: <https://www.oboreurope.com/en/beltandroad/one-belt/>).

As railways are at core of the New Silk Road by connecting Silk Road countries, the Baku-Tblisi-Kars (BTK) Railway is of crucial importance to develop transportation and connect Silk Road countries and also a road starting from Beijing directly to London. International Trade volume between China and Europe will be accelerated due to the BTK by increasing the amount of freight from 6,5 million to 17 million tons annually as well as increasing passengers to 3 million as triple of previous by 2034 (Ibid). Another planned railway project, the Edirne-Kars High Speed railway, would be an extension of BTK railway.



Figure 4: The Ovit Tunnel Map (Source: Akşam, <https://www.aksam.com.tr/guncel/ovit-tuneli-daginerede-ovit-tuneli-kac-km>).

The newly opened “The Ovit Tunnel” in Rize which is 4th longest tunnel in the world, is also located on the Caucasian corridor and facilitated transportation from

BTK Railway through the constructed highways. The Ovit Tunnel is a vital part of the Silk Road as it connects Turkey to northern China (Daily Sabah Journal, 2018).

Besides railway projects, Turkey developed some other important transport projects as

- **Trade:** The Caravanserai Project was taken into account in 2008, to reorganize custom affairs between the Silk Road countries
- **Connecting Asia to Europe:**
 - the “Marmaray” which connects Asia to Europe by underwater metro,
 - the Eurasia Tunnel Project which connects Asia to Europe by underwater way
 - the "Three-level Istanbul Tunnel"
 - the Yavuz Sultan Selim Bridge
 - the Çanakkale 1915 Bridge
- **Transportation:**
 - the “Third Istanbul Airport” which will be one of the biggest airports in the world
 - the building of Filyos in Zonguldak, Çandarlı in İzmir and Mersin ports
 - the BTK Railway
 - the Edirne-Kars High Speed Railway
- **Tunnels:**
 - The Ovit Tunnel
 - The Zigana Tunnel

Construction of ports carries high importance for reviving the ancient Silk Road within the scope of the 21st Century Maritime Silk Road. It is understandable why the largest Chinese investment in Turkey was in the acquisition of Kumport. Kumport, located on the Ambarlı Coast in İstanbul which is third largest seaport in Turkey, is an essential transfer point of the New Silk Road. China Consortium consisting of China Merchants Holding International, Chinese state-owned company, Cosco Pasific, and CIC Capital, invested in USD 940 million to buy 65% of the Kumport in 2015. The reason behind this investment lies on the strategic location on both the SREB and the 21st Century Maritime Silk Road.

1.6. The Goal of Middle Corridor

One Road One Belt Project is supposed to be starting a new Eastern oriented world order. Turkey, as a Silk Road country, aims to be an efficient part of the century’s project. On the other hand, the Sino-Turkish ties have been strengthened due to OBOR Project.

Turkey's importance has been growing due to its geo-strategic location. Turkey is a natural confluence of the Silk Road due to its characteristic of being a bridge between Asia and Europe (Ergunsu, 2017). Trade ways including railways as well as maritime routes and energy lines enable Turkey to play a crucial role in the New Silk Road Project. The Middle Corridor, in other words the Trans-Caspian Corridor becomes an irrevocable part of the Project. The Middle Corridor Initiative aims to integrate into the One Belt One Road Initiative.

The Belt and Road Project also aims at energy infrastructure investments as pipeline projects and energy investments to raise its capacity and efficiency. In this framework, the Trans Anatolian Pipeline Project which is transporting Caspian gas to Europe through Turkey, has been one of the most important projects of the New Silk Road since it makes sense for both Europe in terms of energy security and the Silk Road Project in terms of Energy Silk Roads. Energy road transporting Caspian gas to Europe, starts from Ardahan at the border of Georgia, and exits at İpsala at the border of Greece. TANAP constitutes the Middle Corridor for Energy Silk Roads thus, TANAP is not only energy projects which transport gas to Europe. Turkish Stream is another important project which transports Russian gas to Europe through Turkey, Greece, and Albania. At this point, Turkey gains importance as a transit country since energy security and efficiency came into prominence for OBOR. Turkey is deemed as a 'Gas Hub' since it serves as major transit country for South Eastern gas supply (Fischer, 2016). Being a part of Energy Silk Road is also crucial for Turkey due to current account deficit sourced mainly by energy import.

All these roads including railways, maritime routes, energy roads, will also provide economic development for the Silk Road countries. In the view of Turkey, the Middle Corridor will also provide development in the Eastern Region where development level is not high compared to other cities. Economic development will be realized by increasing employment because of new work areas as well as shifting trade to the Eastern Region. As a result, the development help eliminate the macroeconomic problem of inequality in income distribution by narrowing the margin.

In respect of the ancient Silk Road, the New Silk Road mainly affects trade, especially in the Central Asian countries. In the framework of OBOR, transportation projects to contribute economic integration and connectivity between the Silk Road countries.

For Turkey, expanding trade to Asian countries faces transportation difficulties due to lack of connectivity (Koru & Kaymaz, 2016). Since trade is mainly on the roads, it takes disadvantages of cost, duration, and availability. As a result of OBOR, new modes of transportation which are; railways, newly constructed highways, and maritime roads constitute trade integration and facilities. Thus, trade volume will be accelerated for the Silk Road countries as well as Turkey. Due to transportation difficulties, transportation projects took an important place of Turkey's 10th Development Plan between 2014-2018. According to the Plan, transportation projects which solve connectivity problems, will be realized. Logistics, infrastructure, and freight transportation projects which provide economic advantages by shortening duration and minimizing costs, have been at the core of the Plan.

2. PEST ANALYSIS

Importance of the Belt and Road is contingent on the expansion of foreign interactions in terms of economy and trade as well as the promotion of cultural knowledge and exchange among related countries. Inasmuch as the project is not strictly economic one, it has relations with diplomacy, military, the political space, and other facets. It is thus, essential to consider these critical interests. PEST analysis is a method used to define the macro-environment in strategic management. Each letter represents one factor (P: Political, E: Economic, S: Social, T: Technological). One of the aims is to show opportunities and threats. It is a very valuable tool to see the whole picture. This study focuses on the political, economic, and social factors.

2.1. Political Factors

The foreign cooperation of China comprises some governmental departments and agencies. These departments include Ministries of Commerce, Foreign Affairs, Finance, and Agriculture with the able support of Exim (Export-Import) bank and the China-Africa Fund. Since all these ministries or departments have funds dedicated to foreign aid, there is no unified capital bigger enough for intensive use. It is therefore imperative to learn from developed nations in establishing a consolidated "cooperation committee" in charge of "external development" to oversee various endeavors and relations. It is anticipated thus that, this would spell effectiveness in combining resources in order to refocus international development patterns (Athl, 2016).

It has been established that mutual trusts that exists between Central Asian countries are at extremely low levels thus, the application of multilateral diplomacy has a high probability of not proceeding as expected. United States regards China as their most substantial competitor regarding the global economy and thus, used China as an element for implementation of forbiddance, restrictions, and seclusion policies. The Bretton Woods Institutions (that is World Bank and IMF), which are led by US have always predicted that the Chinese economy would outperform that of the US, and this has placed some fear in the US that China may soon become an economic superpower (Tang, et al., 2017).

The current international security conditions contain some factors restricting and to the disadvantage of China as it seeks to intentionally exclude China or to curtail and contest China.

There seem to exist rivalry and conflict associated with the interests of US, Russia, and India which are deemed political threat in Asia. An interest of the US which they are keen to maintain its dominance, which is energy, has most resources based in the continent of Asia. This interest is most likely to be blocked by China and would be specially bolstered by this project. Fear of the US is their inability to hold on to their own dominance and that Asian countries mainly depend on China (Horst, Fahad, 2018).

The major risk of China to the MSR is issuing with security on the transit itineraries. The Silk Road of China has passages through regions that have security concerns and that poses serious risks (Ayan, 2016). Following such dangers and security concerns, there are possible problems that could arise to undermine the trade, transport and energy transition lines situated in the region. To sustain road transportation in the region and to ensure safety, it is important that the problems within the region are known and measures are taken to stamp them out (Ergunsu, 2017). The safety of energy transition lines is specially essential for all members and the transportation of oil through pipelines to China for instance, must be undisturbed. In the same manner, activities of trade and logistics on land by members must be unbroken even though, security concerns and other barriers situated on the routes are still in force and for many years.

2.2. Economic Factors

It is beneficial and serves as a long-term crucial selection should the trade and economic alliances between China and the various countries in the region along the transition route are strengthened. It is assumed that the yield of investment,

technology and management expertise would seek the promotion of advancement and affluence of countries that border China, advocate the economic prowess of China, as well as bring to the fore economic unification concentrated on the economy of China (Brakman, et al., 2019).

The major reason why China opened to the east was to promote an indigenous the economy as well as improved technology by way of exporting capital, equipment, and management proficiency. China has a huge territory (both coastal and mainland) and its opening up began from the coastal areas by developing and showcasing these coastal areas. The opening, proposition and promotion of the coastal areas included; cooperation of universal division of labor, enhancing the export-oriented economy, expansion of exports, and ultimately achieving the accelerated advancement of economic fortunes of the coastal areas. Intricacies of the economic fundamentals coupled with the missing radiating capability of China within the global economy are the major causes of the ineffective coordination mechanism of industries in China. The project is therefore an effort to assist indigenous development through increased international trade targeted at the West of China which is less developed and to export contemporary excesses within Chinese enterprises to the world (Tang, et al., 2017).

The relation between China and Turkey may be defined as asymmetric in terms of economics since China is the second largest economy in the world while Turkey is going to grow (Atlı, 2016). Turkey's trade deficit is increasing with China currently at USD 20.5 billion. China is a top country from which Turkey imports currently at USD 23.4 billion (10% of Turkish import) while export to China was around USD 2.9 billion (1.8% of Turkish export) as of 2017. All these developments could be attributed to the trade policies of China all over the world. However, the bilateral relations with China, which is crucial for both countries must be normalized by increasing export to China.

Increased cost of transportation especially between the west and central Asia is mainly due to inferior infrastructure regarding transportation. Investments made in transport infrastructure take longer cycles and thus requires relatively huge amounts. The Government, therefore, has rolled out subsidy programs which in turn increased its expenditure but eventually undermining its total investment in transport infrastructure. This has had a direct impact on the flow of goods which have been restricted with ripple effect on the regional international trade (Ives, et al., 2013).

2.3. Social Factors

Is a proof that, should wholeness and reciprocal trust be upheld; egalitarianism and mutual gain, all-embracing cooperation, people from all walks of life including different cultures, religion and orientation could enjoy harmony and tranquility and acceptable development.

History depicts that, the failure of Asian countries to advance is attributable to the supposed many years of bondage of the Soviet Union. Subject to this experience, Asian countries are living in same fear of China's giant project as they believe China's main goal is not a win-win but to end up dominating over time. This real fear stands as one of the BRI's social threat. Since Central Asia is believed to be a 'territory' of Russia, it is the concern of some analysts that, in no time it may be dominated by China.

Corruption and bad governance are also proven a substantial obstacle to the effortless movement of the projects (OCCRP, 2016). Mention could be made of environmental risks which could provoke strife and financial difficulties should projects go through bad planning or not executed suitably. For instance, a \$300 million Chinese oil refinery in Kara-Balta was closed down in 2014 for a year after there were complaints from residents of pollution and the subsequent medical costs it faced (Trilling, 2014).

3. TURKEY'S INSTITUTIONAL ENVIRONMENT AND TECHNICAL STANDARDS REQUIREMENTS

After Turkey joined the European Customs Union in 1996, Turkey has moved closer to the EU in terms of trade regulations and technical systems. Turkey's institutional environment and technical standards are very different from those of China's corporate system and technical standards. The differences in business management models and technical standards have brought a series of problems to Sino-Turkish productivity cooperation. During the Anyi high-speed rail's construction, according to Turkish law, since the project adopts all European standards, the rail and other major construction equipment can only be products of European countries. During implementation of the project, Chinese employees and local employees in Turkey were deployed at a ratio of 1:5. In the construction and operation of the Anyi High Speed Rail, the use of facilities and equipment in China accounted for only 7% of the budget for all facilities and equipment, which had a very limited effect on the export of equipment such as steel products from China.

The level of infrastructure in a country is typical of the efficiency of its governance, political management, and decentralization and regional competition. High quality infrastructure is included in indicators that measure quality of the government or level of governance (Jun, et al., 2017). A well-established institutional and business environment and advancing capacity of governance are currently most essential in Turkey's infrastructural development.

4. THE PROSPECTS AND RECOMMENDATION ON THE CONNECTIVITY OF BRI AND MIDDLE CORRIDOR PROGRAM

In recent years, the Sino-Turkey relationship has improved much, and the cooperation mechanism has set up. The policy communication, road connectivity, unimpeded trade, capital circulation, and people-to-people links in BRI has released China's information on further expanding investment and opening up to the outside world. The connection between BRI to Middle Corridor program has become a key area of cooperation between China and Turkey. The following details the recommended strategic path for China-Turkey's future cooperation:

First, improve the mechanism building and increase mutual political trust. In recent years, frequent exchanges of high-level visits between China and Turkey have provided effective guidance and strong support for promoting bilateral economic and trade cooperation. In November 2015, when President Xi Jinping went to Turkey to attend the G20 leaders Antalya Summit, President Xi Jinping had a meeting with his Turkish counterpart, President Erdoğan, and announced the establishment of a consultation mechanism between the two countries' foreign ministers to raise China-Turkey relations to a new height. Subsequently, a mechanism for the cooperation between the two countries' vice premiers was established. On November 3, 2016, Vice-Premier Wang Yang of the State Council visited Turkey and held the first meeting of the mechanism of the Intergovernmental Cooperation Committee between China and Turkey. On November 13, 2016, Foreign Minister Wang Yi held the first meeting of the Sino-Turkish Foreign Ministers' Consultation Mechanism with Ankara and Turkey's Foreign Minister Çavuşoğlu. The establishment of a series of bilateral communication mechanisms provides a good political environment for the two countries to carry out international capacity cooperation.

Second, further expand the opening up and enhance the competitiveness of the two countries. As a medium-power country in the world, Turkey's degree of industrialization, educational attainment for all people, and the nature of Islam

make it have a certain influence in the Balkans, Middle East, Central Asia, and other Islamic countries. It could be deemed as a strategic partnership along the Belt and Road. Both countries have signed series of bilateral agreements covering various aspects of shipping, taxation, tourism, energy, agriculture, and information technology on the basis of the original bilateral trade agreements and investment protection agreements, laying the institutional foundation for cooperation (Tao, 2016). In the future, China should put Sino-Turkish capacity cooperation in an important position, promote negotiations with the Turkish Free Trade Agreement, jointly open up and expand markets mostly in Africa, Central Asia and that of the Middle East and actively promote Chinese companies to invest in Turkey's 21 free trade zones to fully enjoy the tax incentives provided by the Turkish government.

Third, strengthen the connection between the "Belt and Road Initiative" and the "Middle Corridor Initiative program. Turkey has proposed the "Intermediate Corridor" Middle Corridor Initiative. One of its purposes is also to promote regional and economic development in Asia and Europe through investment and cooperation in infrastructure construction, energy, information and communications, finance, aviation, and engineering contracting. Turkey is a strong country in the construction industry and entered the Russian and Central Asian markets earlier. It strengthened cooperation with Turkey's world-famous multinational companies and jointly opened up and expanded production capacity cooperation in Africa, Central Asia and that of the Middle East. China should promote regional policy financial resources such as the Asian Investment Bank and Silk Road Fund to tilt cooperation with production capacity in related fields in Turkey, provide policy and commercial financial support for enterprises, and reduce the risk of investment cooperation between companies.

Fourth, strengthen the country study for Turkey. Sino-Turkish capacity cooperation involves many political, economic, cultural, and religious issues. Because we have long been concerned about the political, economic, and cultural studies of the United States, Britain, Japan, and other developed countries, there is still not enough accumulation of country studies for Turkey. In particular, there is a lack of in-depth field research on the domestic situation in Turkey. Results of the existing research have limited guidance on practice. To cope with the various structural risks that may exist in Turkey, it is necessary to strengthen research and analysis on various aspects of Turkey, scientifically assess risks and serve decision-making.

Fifth, direct foreign investment must be facilitated by both countries. Legal infrastructure must be built and establish government departments to create an attractive investment environment. Especially, developing industries based on Industry 4.0 required high level cooperation with China. In view of Turkey, China is a leader which established a new world order as an alternative to the order oriented by the Western World. On top of that, it is second largest economy in the world. However, Turkey is a country which is assumed as master secular state for Islam Region and is a safe harbor for them. Turkey is an important country to reach and contact with Middle Eastern countries in view of China.

Sixth, China declared 2018 as its ‘Turkey tourism year’ (Hurriyet Daily News, 2016). Chinese tourist numbers keep increasing on yearly basis. Facilitating traveling to each country serves to increase knowledge and understanding of each other. At this stage, knowledge and understanding each other is at the core of potential cooperation. Education and exchange programs also are so important to increase knowledge. Because of that, universities in both countries carry high responsibilities to provide this knowledge and establish networks. Establishing Chinese-Turkish common influential think tanks increases understanding and research possibilities as well.

CONCLUSION

A memorandum of understanding between China and Turkey was signed in 2015 seeking to align the “Belt and Road Initiative” (BRI) of China with the “Middle Corridor Program” of Turkey. BRI is a centrist project according to innovation and cooperation. Under this project, 6 corridors viz; Eurasian Economic Corridor, China Pakistan Economic Corridor (CPEC), Middle Economic Corridor, Mongolia and Russia Corridor (Trans-Asia Corridor), Southeast Asia Corridor (Pacific Corridor), and Indo-China Corridor have been established. Energy investments along the New Silk Road have been established to finance the new project. While the historical Silk Road provided trade from China to Europe at that time, these road maps were expanded in the New Silk Road project. Thanks to this new road, commercial, cultural, and political developments of the countries on this road would be provided.

Turkey is in the Middle Corridor and plays a crucial role on this road because of its geopolitical location which connects to BRI. In this context, Turkey has made valuable investments, especially on transportation including; Third Istanbul Airport, BTK Railway, Edirne-Kars High-Speed Railway, Three-level Istanbul

Tunnel, the Eurasia Tunnel Project, Marmaray, Yavuz Sultan Selim Bridge, and the likes.

While Turkey is the most important country of this project, the country's development would be massively impacted by this project. China on the other hand is making significant investments in Turkey in this context. In 2016, they acquired 65% ownership of Kumport (the third largest seaport in Turkey). The fact that Turkey connects Asia to Europe is facilitating the flow of trade routes of the project. The New Silk Road also covers energy silk roads including the Trans Anatolian Pipeline Project (TANAP) which constitutes the Middle Corridor for Energy Silk Roads. Like TANAP, the Turkish Stream is also a critical energy road that transports Russian gas to Europe through Turkey, Greece, and Albania. Due to the lack of connectivity, Asia has several problems in transportation, suggesting that these roads would facilitate Asian commerce by decreasing costs.

This study aims to demonstrate the macro-environment of the Middle Corridor under the concept of BRI from an economic, social, and political view. To support this purpose, PEST analysis showed a valuable direction to explain the current situation. Sino-Turkish improvement policy enabled great attempts on both trade and communication. Under this cooperation, various steps are taken which could have a positive economic, social, and political impact on both countries. To improve the connectivity of BRI and Middle Corridor, some recommendations are listed.

Firstly, there needs to be a surge in the mutuality of political trust and improvement in mechanism building. To create an enabling political atmosphere for the two countries, the setting up of an array of mutual mechanisms of communication, for instance, is very key and could lead both countries to establish international capacity cooperation. Secondly, the Sino-Turkish capacity cooperation must be put on an essential spotlight by China, advocate consultations with the Turkish Free Trade Agreement, and jointly strive for activities that would spell mutual benefit for both countries. Again, on the part of China, there should be the promotion of financial resources for regional policies like the Asian Investment Bank and Silk Road Fund. This would incline cooperation with production competencies within other fields in Turkey, serve as an essential support for enterprises in policy and commercial finance, and help alleviate investment risks among companies within the cooperation.

Finally, there should be mutual facilitation in relation to foreign direct investment. In this regard, legal frameworks and bureaucratic establishments within government must be strategically aligned to create an appealing investment climate.

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