

## DJIBOUTI-TURKIYE ECONOMIC AND TRADE RELATIONS (2003-2022)

Sadak Mohamud HASSAN GAFOW<sup>1</sup>

### ABSTRACT

This article offers a comprehensive analysis of the economic and trade relations between Djibouti and Turkiye from 2003 to 2022, utilizing data from various reputable sources such as the World Bank, World Integrated Trade Solution (WITS), Observatory of Economic Complexity (OEC), and Trading Economics databases. Despite their longstanding economic ties, the partnership between the two countries has gained considerable momentum in recent years. The study examines the upsurge in bilateral trade between Djibouti and Turkiye, with a particular emphasis on the primary products exchanged between the two nations. Our findings demonstrate that Djibouti has consistently experienced a negative trade balance with Turkiye throughout the period under review, which indicates a higher import volume from Turkiye than export. Specifically, the trade deficit was 2022 when Djibouti's imports from Turkiye surpassed its exports by over \$548 million, respectively. Nonetheless, despite the persistent trade deficit, Djibouti's exports to Turkiye have been on the rise in recent years, with a noteworthy increase observed in 2021 and 2022. This suggests that Djibouti may be diversifying its export markets and seeking alternative destinations for its products, including those beyond its traditional trade partners.

**Keywords:** Economic relations, Trade relations, Djibouti, Turkiye

**JEL codes:** F1, F2, F4, O1

## DJIBOUTI-TÜRKIYE EKONOMİK VE TİCARİ İLİŐKİLERİ (2003-2022)

Sadak Mohamud HASSAN GAFOW

### ÖZET

Bu makale, Djibouti ve Türkiye arasındaki ekonomik ve ticari ilişkileri 2003 ila 2022 yılları arasında ele alan kapsamlı bir analiz sunmaktadır. Çalışmada, Dünya Bankası, Dünya Entegre Ticaret Çözümü (WITS), Ekonomik Karmaşıklık Gözlemcisi (OEC) ve Trading Economics veritabanları gibi çeşitli güvenilir kaynaklardan elde edilen veriler kullanılmıştır. İki ülke arasındaki uzun süredir devam eden ekonomik ilişkiler, son yıllarda önemli bir ivme kazanmıştır. Çalışmada, Djibouti ve Türkiye arasındaki ikili ticaretteki artış incelenmekte ve özellikle iki ülke arasında takas edilen başlıca ürünlere odaklanılmaktadır. Bulgularımız, Djibouti'nin söz konusu dönem boyunca sürekli olarak Türkiye ile negatif bir ticaret dengesi yaşadığını göstermektedir; yani Türkiye'den yapılan ithalatın ihracattan daha yüksek olduğunu göstermektedir. Özellikle, 2022 yılında Djibouti'nin Türkiye'den yaptığı ithalat, ihracatını 548 milyon dolardan fazla aşmıştır. Bununla birlikte, süregelen ticaret açığına rağmen, Djibouti'nin Türkiye'ye olan ihracatı son yıllarda artmıştır ve 2021 ve 2022 yıllarında önemli bir artış gözlemlenmiştir. Bu, Djibouti'nin ihracat pazarlarını çeşitlendirdiğini ve geleneksel ticari ortaklarının ötesinde alternatif hedefler aradığını göstermektedir.

**Anahtar kelimeler:** Ekonomik ilişkiler, Ticari ilişkiler, Djibouti, Türkiye

**JEL kodları:** F1, F2, F4, O1

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## INTRODUCTION

In recent times, the changing global economy has elevated the importance of energy and mineral resources, making Africa a vital geopolitical region (Donelli, 2018). This has been exemplified by the increased interaction of emerging countries, such as India, China, Russia, Japan, and Brazil with African nations, thereby disrupting the continent's relationship with Western powers (Bayram, 2020). As a result, there has been a reevaluation of Africa's growth potential. Against this backdrop, Turkiye has emerged as a new player seeking to strengthen its connection with African countries.

Turkiye has reoriented its foreign strategy towards Africa, investing in various political, economic, social, and humanitarian aid mechanisms to strengthen its political, economic, and social ties with the Sub-Saharan region and Africa at large. This includes Turkiye's Opening to Africa programme launched in 1998, the proclamation of 2005 as the Year of Africa (Dinçer, 2019), and Turkiye's membership of the African Development Bank as a non-regional member in 2008 (Wheeler, 2011). These efforts have led to the opening of new embassies and trade consulates, and the organization of various summits and forums aimed at enhancing economic, political, and cultural ties between African countries and Turkiye. Consequently, trade volume and foreign direct investment between Turkiye and African countries have witnessed a significant increase.

Diplomatic relations between Turkiye and Djibouti were established in 1977. Djibouti's Embassy in Ankara was opened in 2012, and Turkiye's Embassy in Djibouti was opened in 2013. The political, economic, and commercial relations between the two countries have been developing every year. The economic and trade relationship between Djibouti and Turkiye has evolved significantly over the years, with both countries engaging in extensive commercial activities. The bilateral ties have been characterized by a growing volume of trade.

This article provides a comprehensive analysis of the economic and trade relations between Djibouti and Turkiye from 2003 to 2022, highlighting the trends and patterns of bilateral trade and examining the main products traded between the two countries.

### 1. KEY ECONOMIC INDICATORS OF DJIBOUTI AND TURKIYE

Key economic indicators, such as Gross Domestic Product (GDP), GDP growth, GDP per capita, inflation, import, and export, are critical measures of a country's economic performance. In this context, this paper aims to provide an overview and comparison of the economic performance of Djibouti and Turkiye, two countries with unique economic characteristics and challenges.

**Table 1: Basic Economic Information about Djibouti (2013-2021)**

Year	GDP (Million \$)	GDP Growth (Annual %)	GDP Per Capita (Thousand \$)	Inflation (Annual %)	Imports (Million \$)	Export (Million \$)
2013	2,043	5.0	2.10	2.71	4,488	3,198
2014	2,216	7.06	2.24	1.34	3,580	3,507
2015	2,445	7.53	2.41	-0.85	3,412	3,438

2016	2,619	7.12	2.55	2.74	3,258	2,620
2017	2,767	5.46	2.66	0.57	4,937	4,067
2018	2,923	4.77	2.76	0.15	4,799	4,495
2019	3,166	5.55	2.88	3.32	5,653	4,755
2020	3,423	1.20	2.92	1.78	6,066	5,159
2021	3,701	4.81	3.15	1.18	6,557	5,608

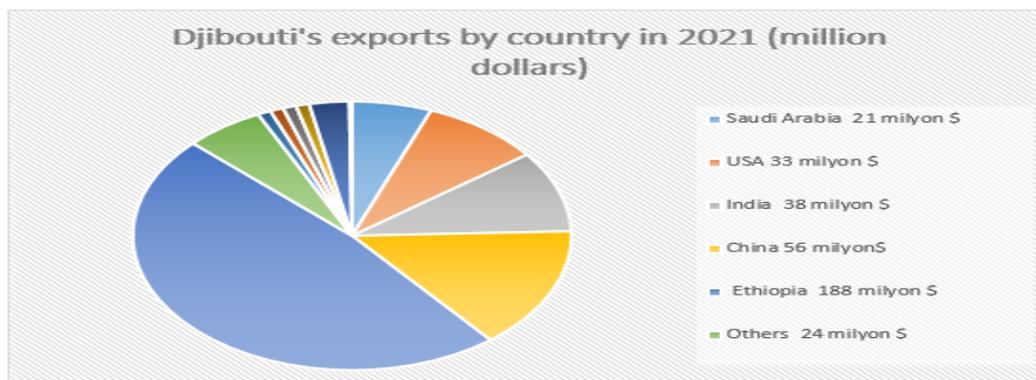
Source: <https://data.worldbank.org/>

This table provides basic economic information about Djibouti from 2013 to 2021. The data presented in the table shows that Djibouti's GDP has been growing steadily over the past few years, with a growth rate of 5.0% in 2013 to 4.81% in 2021. However, the growth rate has fluctuated over the years, with a peak of 7.53% in 2015 and a low of 1.20% in 2020. The GDP per capita has also been increasing, from 2.10 thousand dollars in 2013 to 3.15 thousand dollars in 2021. Inflation has been relatively stable, with a low of -0.85% in 2015 and a high of 3.32% in 2019. However, the table does not provide information on the causes of inflation, which may include changes in the supply of money, changes in demand for goods and services, or changes in the cost of production.

The table also shows that Djibouti's imports and exports have been increasing over the years, with imports exceeding exports in most years. This suggests that Djibouti is a net importer, which may be due to a lack of domestic production capacity or a preference for foreign goods and services.

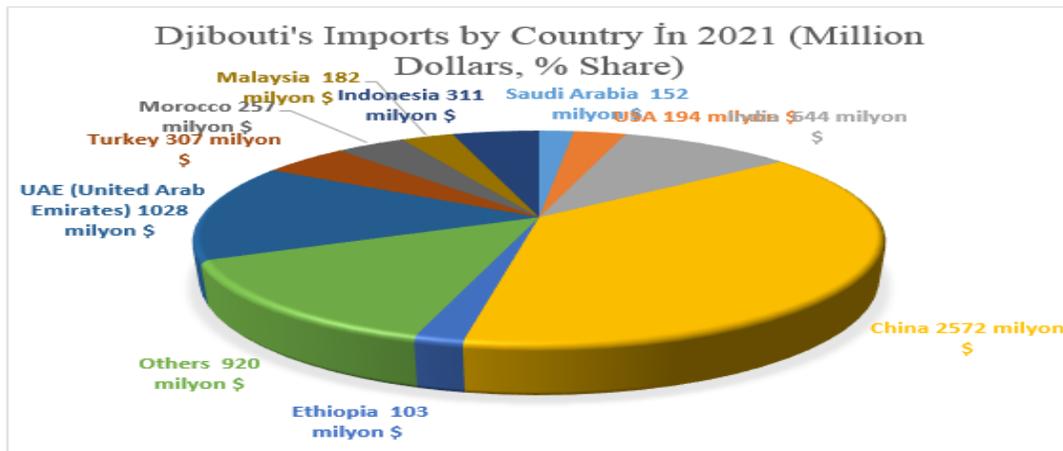
## 2. EXPORT OF FOREIGN TRADE BY MAIN COUNTRIES

Figure 1: Export



Source: <https://www.trademap.org/>

Based on the data presented, Ethiopia appears to be Djibouti's largest export market, accounting for nearly half of the total exports in 2021. China, with 15% of the total exports, is the second largest export destination for Djibouti. Other significant markets include India and the USA. The data also shows that exports to some countries such as Turkiye, the Netherlands, Ukraine, and South Korea are relatively low.

**Figure 2: İmport**

Source: <https://www.trademap.org/>

According to the data provided, China is Djibouti's largest import partner, accounting for 39% of total imports in 2021, followed by the UAE with 15%, India with 10%, and Indonesia with 5%. Türkiye also constitutes 5% of Djibouti's imports, while other countries such as Morocco, Malaysia, Saudi Arabia, and the USA constitute smaller portions of imports.

**Table 2: Basic Economic Information about Türkiye (2013-2021)**

Year	GDP (Million \$)	GDP Growth (Annual %)	GDP Per Capita (Thousand \$)	Inflation (Annual %)	Imports (Million \$)	Export (Million \$)
2013	957,783.02	8.49	12.51	7.4	275,212.14	227,885.41
2014	938,952.63	4.94	12.02	8.2	268,172.00	236,668.10
2015	864,316.67	6.08	10.85	8.8	229,538.88	212,027.92
2016	869,692.96	3.32	10.73	8.5	219,551.18	200,755.65
2017	858,996.26	7.50	10.46	11.9	255,317.28	223,677.66
2018	778,471.90	2.98	9.40	20.3	244,451.79	242,516.40
2019	759,937.39	0.78	9.10	11.8	229,208.72	247,186.37
2020	720,289.37	1.94	8.56	14.6	232,097.43	206,961.66
2021	819,035.18	11.35	9.66	36.1	291,018.84	289,144.11

Source: <https://data.worldbank.org/>

The table presents a comprehensive overview of Türkiye's economic performance from 2013 to 2021. Firstly, Türkiye's gross domestic product (GDP) experienced substantial fluctuations, peaking at \$957,783.02 million in 2013, dropping to \$720,289.37 million in 2020, and recovering slightly to \$819,035.18 million in 2021. Secondly, the annual GDP growth rate was generally positive, indicating consistent economic expansion, except for 2019 and 2020 when growth rates were lower than usual. Thirdly, the GDP per capita gradually increased, with a peak of \$12.51 thousand in 2013 and a trough of \$8.56 thousand in 2020, before rising to \$9.66 thousand in 2021. Fourthly, inflation exhibited considerable volatility during this period, reaching a peak of

36.1% in 2021, signifying the challenging economic conditions that Turkiye experienced in recent years. Finally, Turkiye's import and export values also displayed fluctuations, with exports peaking at \$289,144.11 million and imports reaching a high of \$291,018.84 million in 2021. Overall, the data underscores Turkiye's economic resilience amidst fluctuations and challenging conditions in recent years.

### 3. DJIBOUTI AND TURKIYE TRADE RELATIONS

Djibouti and Turkiye have a long-standing economic relationship that dates back several decades. Despite the geographical distance between the two countries, they have maintained cordial relations that have led to increased trade and investment. Turkiye is one of Djibouti's major trading partners, and the two countries have engaged in several trade agreements over the years, which have further strengthened their economic ties. This relationship has been mutually beneficial, in this context, it is important to analyze the trade relations between Djibouti and Turkiye to better understand the dynamics of their economic partnership.

**Table 3: Djibouti's Foreign Trade with Turkiye (Between 2003-2022 - US\$ Thousand)**

Years	Djibouti Export to Turkiye	Djibouti Import From Turkiye	Trade Balance Between Djibouti and Turkiye	Trade Volume Between Djibouti and Turkiye
2003	123.75	5362.98	-5239.23	5486.73
2004	228.46	8572.64	-8344.18	8801.1
2005	100.38	7128.41	-7028.03	7228.79
2006	196.39	10559.26	-10362.87	10755.65
2007	201.14	45387.92	-45186.78	45589.06
2008	375.05	40273.65	-39898.6	40648.7
2009	1061.55	42281.74	-41220.19	43343.29
2010	387.1	30787.66	-30400.56	31174.76
2011	231.91	45491.06	-45259.15	45722.97
2012	89.31	88689.77	-88600.46	88779.08
2013	411.23	71259.16	-70847.93	71670.39
2014	136.25	61385.21	-61248.96	61521.46
2015	162.84	99535.12	-99372.28	99697.96
2016	149.07	82677.81	-82528.74	82826.88
2017	405.98	104465.41	-104059.43	104871.39
2018	190.41	198952.37	-198761.96	199142.78
2019	42.62	255694.67	-255652.05	255737.29
2020	53.92	319971.35	-319917.43	320025.27
2021	851.3	305073.2	-304221.9	305924.5
2022	1071.9	549587.8	-548515.9	550659.7

Source: <https://wits.worldbank.org/>

The table presents Djibouti's foreign trade with Turkiye for the period 2003-2022. The data show that the balance of trade has been negative for Djibouti throughout the period, indicating that

it imports more from Turkiye than it exports to it. In fact, Djibouti's imports from Turkiye have been consistently higher than its exports to Turkiye, resulting in a trade deficit that widened significantly over the years. The deficit was particularly pronounced in 2019 and 2020, when Djibouti's imports from Turkiye exceeded its exports by over \$255 million and \$319 million, respectively.

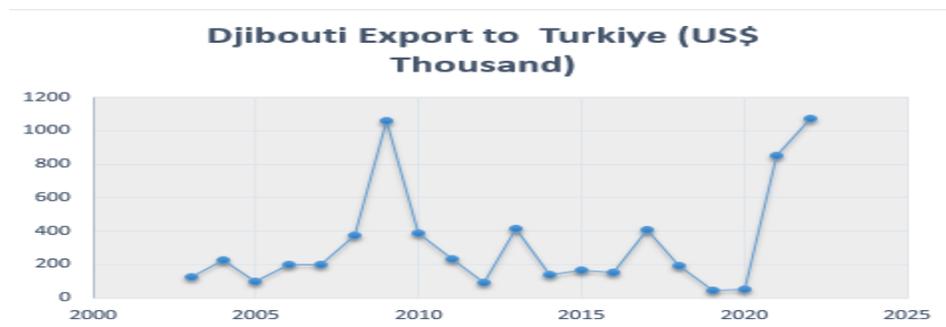
Despite the persistent trade deficit, Djibouti's exports to Turkiye have been increasing over the years, with a notable increase in 2021 and 2022. This suggests that Djibouti may be diversifying its exports and seeking new markets for its goods, including those beyond its traditional trading partners.

It is worth noting that Turkiye is one of Djibouti's major trading partners, along with China, Saudi Arabia, and the United Arab Emirates.

In summary, the table underscores the significance of international trade in driving Djibouti's economic growth and underlines the necessity of enacting measures that facilitate the emergence of export-oriented sectors and encourage trade expansion. In addition, as Djibouti occupies a strategic position at the junction of important maritime transportation routes, there is an opportunity for the country to function as a regional hub for trade and logistics, which could further augment its foreign trade engagements.

#### 4. GRAPHICAL REPRESENTATION OF TRADE BETWEEN DJIBOUTI AND TURKIYE

**Figure 3: Djibouti Export to Turkiye(US\$ Thousnad)**

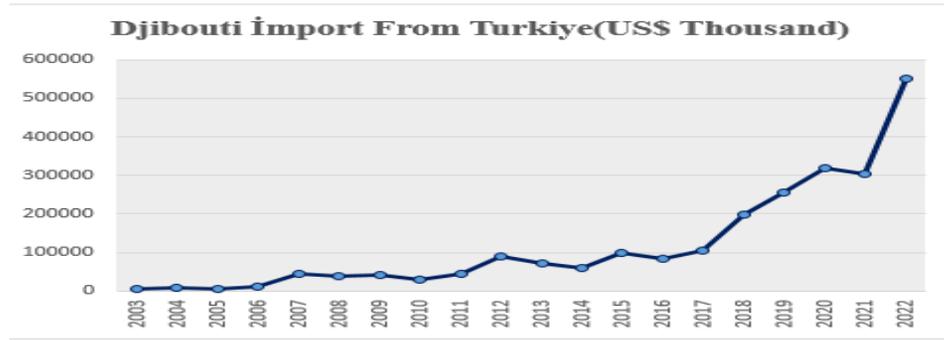


**Source:** <https://wits.worldbank.org/>

The figure shows the yearly export values from Djibouti to Turkiye between 2003 and 2022. Overall, the figure depicts a volatile trend in export values, with a few notable peaks and valleys. Export values ranged from as low as \$42.62 thousand in 2019 to as high as \$1061.55 thousand in 2009.

A closer look at the figure reveals that export values generally increased from 2003 to 2008, then fluctuated widely until 2013. After a sharp decline in 2014, export values rose again in 2015 and then fluctuated again until 2018. From 2019 onwards, export values have remained relatively low with a sudden increase to \$851.3 thousand in 2021 and \$1071.9 thousand in 2022.

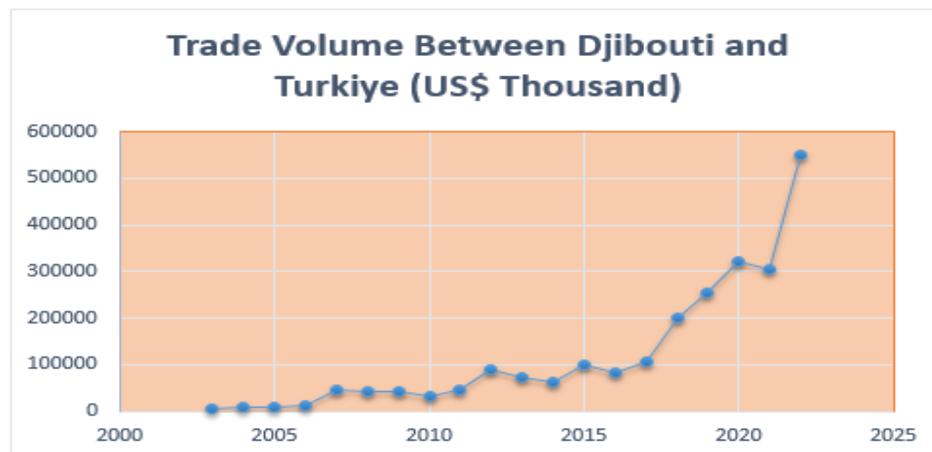
**Figure 4: Djibouti Import from Turkiye(US\$ Thousand)**



Source: <https://wits.worldbank.org/>

The presented figure displays the pattern of imports from Turkiye to Djibouti over the years, portraying a gradual increase with some fluctuations. Notably, there was a substantial surge in imports in 2007 followed by a decline in 2008, followed by a continuous growth trend. A significant rise in imports was recorded in 2018 and 2019. The year 2020 observed a sudden and steep increase in imports, which could be attributed to the COVID-19 pandemic, and the trend persisted in 2021. The data for 2022 demonstrated a marked increase in imports, likely due to the strengthening economic ties between the two nations. The figure suggests that Turkiye holds a crucial position as a trading partner for Djibouti, and the trade relationship between these two countries is expanding.

**Figure 5: Trade Volume between Djibouti and Turkiye(US\$ Thousand)**



Source: <https://wits.worldbank.org/>

The figure shows the trade volume between Djibouti and Turkiye from 2003 to 2022 in US\$ thousands. The trade volume between the two countries has been fluctuating over the years, but has generally been on the rise. In 2003, the trade volume was at 5486.73 US\$ thousand and it increased to 8801.10 US\$ thousand in 2004, then decreased to 7228.79 US\$ thousand in 2005. However, the trade volume has been increasing since then, reaching a peak of 550659.70 US\$ thousand in 2022.

The figure also highlights some notable years where the trade volume significantly increased or decreased. For example, in 2007, the trade volume jumped to 45589.06 US\$ thousand, which was a significant increase from the previous year. This increase can be attributed to the growth in Djibouti's exports to Turkiye during that period. In 2018, the trade volume experienced a significant increase, reaching 199142.78 US\$ thousand, which was almost double the previous year's trade volume. This increase can be attributed to the growth in Djibouti's imports from

Order	PRODUCTS (top 10)	2020	2021	2022
TOTAL IMPORTS (with others)		319 971	307 025	549 588
1.	Sunflower, safflower,cottonseed oils and their fractions (chemically unmodified)	183 068	147 435	267 594
2.	Oils obtained from petroleum and bituminous minerals	857	5 864	66 199
3.	Construction steel	51 583	18 619	57 361
4.	Wheat flour	14 113	64 815	24 787
5.	Petroleum gases and other gaseous hydrocarbons	0	0	15 787
6.	Dried leguminous vegetables (shelled) (split)	11 735	5 467	7 814
7.	Food preparations not elsewhere specified in the tariff	380	1 678	3 281
8.	Pasta and couscous	6 013	4 403	2 961
9.	Sweet Biscuits and Wafers	2 611	1 803	2 922
10.	Insulated wires, cables, and other electrical conductors; fiber optic cables consisting of individually coated fibers	1 657	946	2 876

Turkiye during that period.

**Table 4: Djibouti's Major Import Products from Turkiye (1,000 dollars)**

**Source:** <https://www.trademap.org/>

The table presents Djibouti's major import products from Turkiye in thousands of dollars for the years 2020, 2021, and 2022. The data indicates significant variations in import quantities for different product categories over the three-year period.

Sunflower, safflower, and cottonseed oils and their fractions emerged as the top imported product in all three years, with a notable decline in 2021 followed by a substantial increase in 2022. This suggests fluctuations in demand or supply dynamics for these oils during the given period.

Oils obtained from petroleum and bituminous minerals witnessed a remarkable surge in import quantities from 2020 to 2022, indicating a potential increase in Djibouti's demand for these energy-related products.

Order	PRODUCTS (top 10)	2020	2021	2022
TOTAL EXPORTS (Others)		54	872	1 072
1.	Electric control, distribution boards, panels, consoles, cabinets, other supports, and digital control devices	0	162	162
2.	Food preparations not elsewhere specified in the tariff	0	0	156
3.	Iron or steel construction and building materials, iron or steel plates, rods, etc. prepared for use in construction	0	228	106
4.	Pumps for liquids (with or without measuring devices) and liquid elevators	0	0	65
5.	Synthetic organic coloring matter, fluorescent lighting materials, or organic products used as luminophores	0	54	54
6.	Electrical circuit equipment with a voltage not exceeding 1000 volts (switches, relays, fuses, plugs, boxes, etc.)	3	50	50
7.	Waste, parings, and scrap of plastics	0	0	45
8.	Milk, cream (including concentrated milk, and milk containing added sugar or other sweetening matter)	0	0	33
9.	Electrical transformers, static converters (for example, rectifiers)	0	30	30
10.	Parts and accessories of machinery used for mining and construction	0	27	27

**Table 5: Djibouti's Major Export Products to Turkiye (1,000 dollars)**

**Source:** <https://www.trademap.org/>

Table 5 presents Djibouti's major export products to Turkiye for the years 2020, 2021, and 2022. The data indicates the value of exports in thousands of dollars.

Electric control, distribution boards, panels, consoles, cabinets, and other electrical devices emerged as the leading export product category from Djibouti to Turkiye, with consistent export values of 162,000 dollars in both 2021 and 2022.

Food preparations not elsewhere specified in the tariff ranked second, with an export value of 156,000 dollars in 2022. This category exhibited notable growth compared to the previous years.

Iron or steel construction and building materials experienced a significant decline in export value from 228,000 dollars in 2021 to 106,000 dollars in 2022.

Other notable export products include pumps for liquids, synthetic organic coloring matter, electrical circuit equipment, waste of plastics, milk and cream products, electrical transformers, and parts and accessories of machinery used for mining and construction. These categories maintained relatively stable export values across the years, with no significant changes observed between 2021 and 2022.

## CONCLUSION AND RECOMMENDATION

Developing countries such as China, India, Brazil, Russia, and South Korea have shown an increasing interest in Africa in recent years, and Turkiye has also emerged as a new player in African affairs. This is mainly due to Africa's abundant natural resources, which are of great interest to these countries for their industries, as well as a potential market for their final products. Despite Turkiye's historical links with Africa, its economic capacity is not as significant as that of China and India. Despite Turkiye's efforts to establish a connection with the continent through the "Turkiye's Opening to Africa" plan in 1998, it mainly focused on the northern part of the continent due to cultural, historical, and religious similarities, as well as geographical proximity. However, Turkiye has largely ignored Sub-Saharan African countries in its international trade, possibly due to a lack of knowledge and infrastructure or a preference to follow the footsteps of the Ottoman Empire.

The current research explored the increase in two-way trade between Turkiye and Djibouti, with a specific emphasis on the primary products that are exchanged between these two countries. Our findings showed that Djibouti had consistently experienced an unfavorable trade balance with Turkiye during the entire period under investigation, indicating a higher volume of imports from Turkiye than exports.

Based on the above findings, it is recommended that Djibouti take steps to address the trade imbalance with Turkiye. One approach could be to focus on developing its export capacity, particularly in sectors where it has a comparative advantage, such as agriculture, livestock, and fisheries. This would require investments in infrastructure, technology, and human capital, as well as targeted trade promotion efforts to identify and reach new markets.

Another recommendation is for Djibouti to explore opportunities for cooperation with Turkiye in areas beyond trade, such as investment, tourism, and cultural exchange. Turkiye has a strong economy and has made significant investments in infrastructure and development projects in other countries, and Djibouti could benefit from such partnerships. Additionally, promoting cultural exchange and tourism could help to strengthen people-to-people ties between the two countries and promote a better understanding of each other's cultures and traditions.

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