

Trading with a Virtual Neighbor: Mongolia in Turkey's New Foreign Economic Policy in a Polycentric World

Sanal Komşuyla Ticaret: Çok Merkezli Dünyada Türkiye'nin Yeni Dış
Ekonomi Politikasında Moğolistan

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Abstract

With the re-orientation of the world economy and the rise of the rest, Turkey is more likely to benefit from the international economic order. One possible actor Turkey may increase relations is Mongolia. In spite of long distance between two countries, common heritage and friendly diplomatic relations are the strengths in possible partnership. Located between two nuclear and major powers, Russia and China, Mongolia identifies Turkey as its third neighbor. This paper examines the relations between Turkey and Mongolia and reviews possible areas for furthering economic relations between two countries.

Keywords: Mongolia, third neighbor, Turkey-Mongolia relations

Öz

Dünya ekonomisinin yeniden şekillenmesi ve Batı dışında kalan ülkelerin yükselmesi Türkiye'nin uluslararası ekonomik düzenden daha fazla fayda sağlamasını olanaklı kılmaktadır. Türkiye'nin ilişkilerini geliştirebileceği muhtemel ortaklardan birisi de Moğolistan'dır. İki ülke arasındaki uzaklıklığa rağmen ortak miras ve dostane ilişkiler muhtemel ortaklığın güçlü temelleridir. İki nükleer ve önemli güç olan Rusya ve Çin arasında bulunan Moğolistan, Türkiye'yi üçüncü komşu olarak tanımlamaktadır. Bu makale Türkiye ile Moğolistan arasındaki ilişkileri incelemekte ve iki ülke arasında ekonomik ilişkilerin geliştirilmesinin mümkün olduğu sahaları tartışmaktadır.

Anahtar Kelimeler: Moğolistan, üçüncü komşu, Türkiye-Moğolistan ilişkileri

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INTRODUCTION

It is certain that Turkey has become one of the forthcoming benefactors of the rise of Chinese-centered world that has re-oriented the world economic order in a polycentric way. Meaning, in the global economy of the date, the financial and commercial assets are going and moving around at least two different centers. This paper argued that this systemic transformation is what causes to Turkey to assume a whole new international profile. This new profile, conceptualized as trading state, has reconfigured Turkey's international relations in tune with what had previously been immaterial to the making of Turkish foreign policy—economic interests.

For Turkey, forging economic partnerships with Moscow during the bipolar era could well risk NATO membership, which was deemed by Ankara pivotal for the security of the State. The unipolar world system that transpired in aftermath of the collapse of the Soviet Bloc too created one of an infertile place for Turkey to free its economic thinking from politics. Back in days, it simply made no sense for Turkey to build economic bonds with, say China or Russia, for there was little to no commercial or financial outlets outside the western-dominated world. It is the emergence of a poly-centered world order that generates powerful incentives to break free from the bonds of identity and geography, prompting state elites to search for potential gains in seemingly distant segments of the world. Turkish foreign policy of the late represents in itself all these transformations, and Ankara's recent interest in Mongolia should be interpreted within this context.

Mongolia is framed in this paper as a relatively weak state that has to survive at the intersection point of two great powers' military/economic interests. Therefore, it logically looks for alternative engagements with third parties so that it could loosen both Chinese and Russian grips on its economic/political domains. The establishment of harmonious relations between Turkey and Mongolia gains traction from their compatible foreign economic strategies as that Turkey's search for new markets coincides with Mongolia's need for new economic partners from non-neighboring nations. The physical distance that separates them will certainly persist to hinder their cooperation from realizing its full potential. The geographical boundaries on the other hand have never been absolute barriers to facilitating economic bonds among different geographies. The last hundred years are ripe with many stories in which the physical distance is beaten by technological advances. By the same token, the Mongolian steps will be ever closer to the Anatolian Peninsula when the Trans-Asian Railway is ready to serve for unifying Eurasia as a well-connected economic geography.

1. TURKEY IN A POLY-CENTERED WORLD: THE LOGIC OF (BECOMING) A TRADING STATE

The concept of ‘power shift’ refers to a dual process of change as such that newcomer(s)’ ascendance is the cause which triggers the relative decline of the dominant actor(s).¹ Such a corresponding but reverse change of positions between them often surfaces itself first in economic field and, thereafter, spreads to other known domains of power (i.e. military and/or economic). Briefly, a power shift is said to be happening if, and when, appears a poly-centric global system that has not one, but several financial, political and military centers. Fareed Zakaria, the chief editor of *Time*, observes that a similar pattern of shift is already coming to pass in our times. “The rise of the Rest”,² he contemplates, is manifested in the present status of the global economy in which the overwhelming portions of production and/or finance is geographically split in between the southern rims of Asia and the transatlantic world. American National Intelligence Council’s recent report, *Global Trends 2030: Alternative Word*, backs this same argument; a more poly-centric global order has already emerged insomuch as that “...by 2030, no country – whether the US, China or any other large country – will be a hegemonic power.”³

The old rules of economic engagement to accumulate greater wealth have been replaced with a new one, which has arisen from all these systemic changes. This new rule demands nations to act on these two specific paths. First, they are required to free their economic strategies from the chains of balance of power politics. Second, they need to scale up their economic operations to reach beyond the economic blocs in which they are encapsulated. To confine the scale of commercial/financial activities in either one of these two economic poles (i.e. the West and the Rest) because no longer suffices to sustain economic health. Whether near or distant, states have no option but to quest for new economic windows of opportunity. In other words, today state actors are pressed hard to adapt their political, better-said geographical, imagination to this new economic reality, which requires them to consider alternative engagements even with what they once thought to be geographically or politically distant to themselves. True, geographical proximity remains to be the foremost rationale to designate a nation’s economic affairs with

¹ Andre Gunder Frank, *ReOrient: Global Economy in the Asian Age*, (Berkeley: University of California Press,1998); Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century*, (London: Verso ,2007); Fareed Zakaria, *The Post-American world:And the Rise of the Rest*, (London: Penguin,2009); Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*, (New York:Public Affairs,2009); Vassilis K.Fouskas ve Bülent Gökay, *The Fall of the US Empire: Global Fault-Lines and the Shifting Imperial Order*, (London:Pluto Press,2012).

² Zakaria, *The Post-American World*.

³ *Global Trends 2030: Alternative Words*, The National Intelligence Council , December 2012 , Accessed on 28.05.2013 , www.dni.gov/nic/globaltrends

the world outside. Yet, world economy is also unprecedentedly diversified at the date; so much that production or finance in a nearby place is seldom voluminous enough for a national economy to afford a long-term economic growth.

These unit-level behavioral changes, induced by the above mentioned structural changes, could not be satisfactorily encapsulated into the conventional, which is realist, theories of international relations. Richard Rosecrance, in order to overcome such theoretical shortfall, came up with the term of “trading state,”⁴ which this paper believes perfectly covers Turkey’s changing foreign policy principles of the late. Richard Rosecrance conceptualized this new form of statehood (i.e. trading state) in order to draw a line that demarcates it from classical Westphalian/security state. They differ from one another in that a security state forces its economic activities into a zone of convergence among geographical proximity, security perceptions (i.e. the perceptions of enemy and friend), and economic gains. It therefore willingly sacrifices some of its economic benefits for the sake of regime security, involving itself only in economic partnerships with ‘allies’ that are in nearby areas. Putting it in other words, a security state in its classical definition is one that gives priority to political considerations ahead of potential economic gains. A trading state, on the other hand, seldom pays heed to ensuring an identity/space/benefit overlap to conduct its economic affairs. The proximity and identity are still matters of substance to managing a trading state’s economic relations, but only when an impending deal with another state offers negligible economic returns, or when such cooperation inescapably runs incompatible with a trading state’s security perceptions.

Turkey, a trading state on its own right, is as of 2013 the 17th largest economy on earth with a GDP size that is currently in the neighborhood of a \$1 Trillion. Turkey is believed to boast an average of 5.2% growth rate in the following 5 years. Together with this rosy estimate, a sustained economic growth of 5%, from 2002 to 2011, heartens Turkish policy-makers to place a realistic bid for becoming one of the 10 largest economies in 2023, also the 100th anniversary of the Turkish Republic (Table 1). A great deal of Turkey’s rapid economic growth and growing self-confidence owes itself to the said changes in global economic power balances. As a country with a considerable distance to both Eastern and Western markets, Turkey should be one of the primary benefactors of the rise of China to global prominence. Ankara, in addition to its formidable economic ties to one of

⁴ The concept of trading state is originally coined by Richard Rosecrance. See; Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York: Basic Book, 1986. For the application of this concept on Turkey, see; Kemal Kirişçi, “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, *New Perspectives on Turkey*, Vol. 40, 2009, pp. 29-56 ; see also, Mehmet Babacan, “Whither an axis shift: A perspective from Turkey’s foreign trade.” *Insight Turkey* 13.1 (2011): 129-157. For the limitations of Turkey to act as a trading state, see, Mustafa Kutlay, “Yeni Türk Dış Politikası”nın Ekonomi Politikası: Eleştirel Bir Yaklaşım”, *Uluslararası İlişkiler*, Vol. 9, Num. 35 (Fall 2012), 101-127.

the largest economic zones on earth, Europe, now enjoys similar relations with yet another large economic zone pulled by Chinese ‘locomotive.’

Table 1: The Rate of Expenditures on GDP (1998 Prices)
Grow Rate of Expenditure on Gross Domestic Product (at 1998 prices)

Years	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
1999	- 5,4	- 1,6	- 4,8	-1,6	3,4
2000	5,4	6,5	8,6	6,2	6,8
2001	1,3	-6,3	-6,5	-9,8	- 5,7
2002	0,3	6,4	6,2	11,1	6,2
2003	8,1	4,0	4,3	5,2	5,3
2004	10,0	11,9	8,1	8,0	9,4
2005	8,5	7,7	7,6	9,8	8,4
2006	5,9	9,7	6,3	5,7	6,9
2007	8,1	3,8	3,2	4,2	4,7
2008	7,0	2,6	0,9	- 7,0	0,7
2009	-14,7	-7,8	-2,8	5,9	4,8
2010*	12,6	10,1	5,3	9,3	9,2
2011*	11,9	9,1	8,4	5,2	8,5

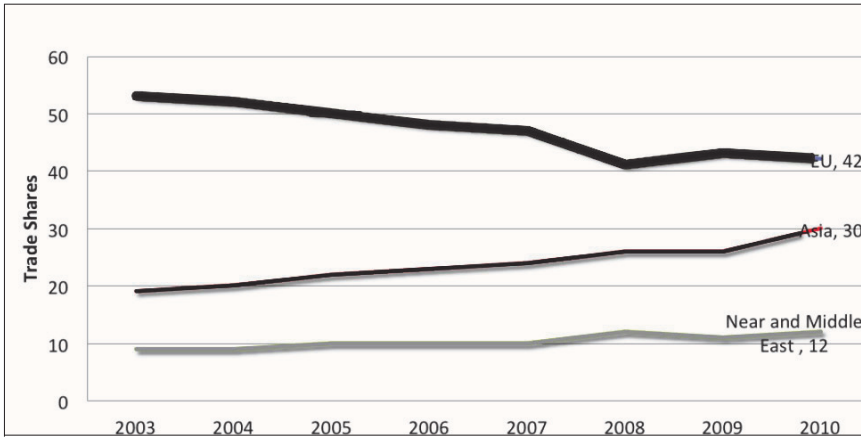
Source: Turkish Statistical Institute

The share of “the Rest” from Turkey’s trade, in tune with the said structural transformation, has only surged in the last decade. The European Union’s eroding weight in Turkish trade coincides with ever-growing sums of Asian and the Middle Eastern imports from Turkey (Figure 1). As the *Figure 1* explicitly demonstrates, Turkey seems to have already compensated an otherwise unpreventable loss of commercial opportunities, as the European markets are still deeply troubled by the setbacks of the recent financial crisis. What obviously aided Turkey to amass the shocks of this globe-wide crisis is no other than those close economic bonds that Ankara had previously formed with Far and Middle Eastern nations. More specifically, Turkey’s new geographic imagination⁵ has helped the country reposition itself to a central place with an equal distance to East and West, which in return has brought Turkish economy in key with the polycentric formation the emergent world order. Furthermore, as Oğuz Dilek attests, “...so long as the current shift of economic power continues to hold ground, the center of weight in Turkey’s geo-economic thinking will carry on shifting towards east [Asian markets] as well.”⁶

⁵ Bülent Aras and Hakan Fidan. “Turkey and Eurasia: Frontiers of a new geographic imagination,” *New Perspectives on Turkey*, 40 (2009): 193-215.

⁶ Oğuz Dilek, “The Sino-centric Fault-lines of Turkish Geopolitics”, *Ortadoğu Analiz (Middle Eastern Analysis)*, 5:52 (April - 2013): 26.

Figure 1: The Share of Regions in Turkey’s Foreign Trade



Source: Turkish Ministry of Economics

One last example to Turkey’s worldwide endeavor for exploring new commercial/financial outlets should be that of Turkey’s seemingly bizarre attempts at intensifying economic partnership with a country like Mongolia. Mongolians, albeit occupying a prominent place in Turk’s nomadic past, is location-wise so far from the present day Turkey that at the first look an economic cooperation with them sounds a bit illogical. Especially if one considers that their national income is a miniscule fraction of the global economy (%0, 01) and roughly equals to that of Malawi or Rwanda. More to the point, Gaziantep alone exports more than what three million Mongolian consumers yearly absorb from abroad. For all these, this paper argues that actually there is a powerful rationale behind Turkey’s search for placing a bid in this country’s economic domain. Its explanation is in order.

2. MONGOLIA’S THIRD NEIGHBOR POLICY AND ITS ECONOMIC PROSPECTS

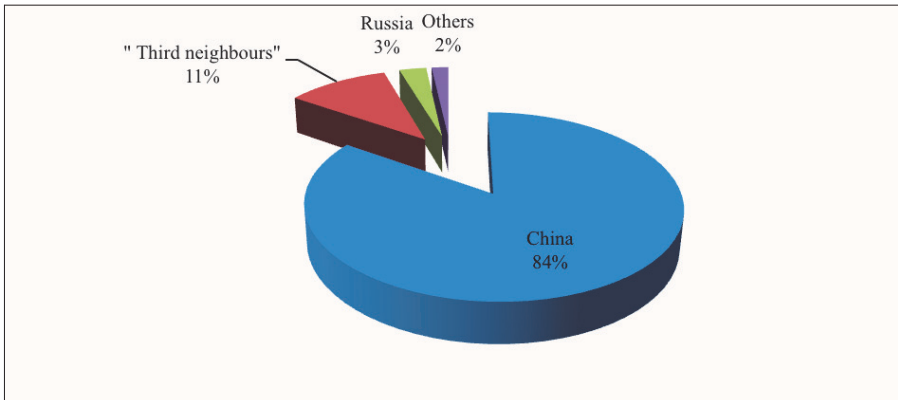
Mongolia captures one’s attention for a variety of reasons. Its landscape, two times larger than Turkey, runs contradictory with its overall population that is approximately %4 of Turkey’s, making it one of the least densely populated countries of global atlas. The Ulaanbataar, the capital, hosts a million people, which constitutes a half of all Mongolians who currently reside in urban areas. Despite its massive geographical space, more than %99 of all Mongolia is comprised of exotic, yet non-arable lands. The most critically, this landlocked nation neighbors two nuclear powers, China and Russia, which together form more than %80 of its exports and more than %60 of its imports (Table 2, 3).

When all these facts about Mongolia are taken into consideration, it is not difficult to realize that Mongolia currently enjoys a little measure of independence from its overwhelmingly more powerful neighbors.⁷ In one hand, Mongolia is over-depen-

⁷ For discussion of Mongolia’s foreign policy behavior as a weak state See also, Alan M. Wachman,.

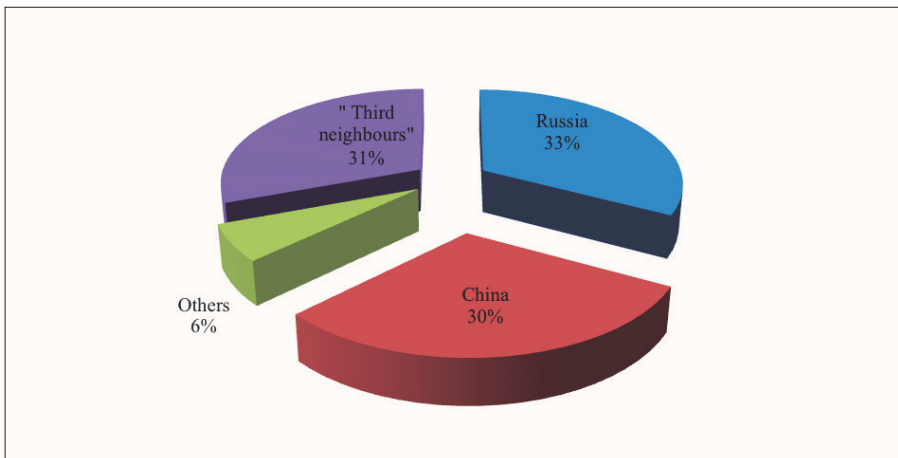
dent on foreign economic resources, in both financial and fixed forms, because it acutely lacks domestic means needed to pulse the first momentum toward a stable economic growth. On the other hand, every single attempt made by Mongolia to open up its market to its northern and southern neighbors has come to mean a further compromise on the country's freedom from external control. Chinese and Russian economic enterprises are currently in the possession of the country's most strategic assets, including oil industry, which has already endowed Moscow and Beijing with substantial leverages over the country's political course.

Figure 2: Mongolia's Exports in 2010



Source: Dorjraa Munkhtur, “Analyzing Economic Relations of Mongolia with the ‘Third Neighbor’ Nations” in *National Security Concept of Mongolia: Challenges and Responses*, The Institute for Strategic Studies, 2012, 66

Figure 3: Mongolia's Imports in 2010



Source: Munkhtur, 66.

“Suffering What It Must? Mongolia and the Power of the ‘Weak’.” *Orbis* 54.4 , 2010, 583-602.

Mongolia is on the horns of a bitter dilemma between economic prosperity and political independence, hence, to escape from it, envisions a multi-pillar and peace-oriented foreign policy path. One dimension of this foreign policy is obviously to deny China and Russia monopoly over the Mongolia's economic lifelines by the means of ensuring non-Chinese and non-Russian parties' assistance and friendship.⁸ This actually does not relieve Ulaanbaatar from continuing with its appeasing posture towards China and Russia as a way of avoiding a direct hostility with either one of these asymmetrically mightier states.

Mongolia's National Security Concept of 2010 reflects from this foreign policy outlook. The concept of "the third neighbor" is one of the cornerstone themes in this strategic paper classified as a category of states that are democratic and "highly developed." Again in this Security Concept it is clearly put in place that Mongolia seeks no defense-associated assistance to come from this sort of extra-regional states. For such an intention, Mongolian policy-makers accurately anticipate, will right-away stir up Russian and Chinese anxiety about seeing a non-regional hegemon (e.g. the US) penetrating into their commonly shared backyard—Central Asia. The document therefore attaches only "political, economic and... humanitarian" purposes to Mongolia's desire of making friends from non-neighboring countries.⁹ It for that matter envisages a smooth process of transition from the current status of having been urged to make an undesirable decision between economic growth and national sovereignty, towards a whole new status in that, Mongolians hope, material prosperity and political freedom will no longer be elective affinities. Such is the hope that economic omni-enmeshment with the states from outside the region will give them (i.e. third parties) some genuine economic interest in (a more autonomous) Mongolia, which, in return, is believed to help check Russia's and China's ever-stronger hold on *Mongol Uls*.¹⁰

To what extent, or whether, third parties find it feasible to invest in Mongolia depends on the degree to which this country provides profitable economic opportunities. With a relatively small domestic market and underdeveloped infrastructure, Mongolia is all but a lucrative investment environment. Yet, this country's vastly rich raw material deposits easily offset this, and other, type of obstacles to dragging foreign investors' attention (Figure 2).

⁸ Bat-Erdene Batbayar, "National Security Concept of Mongolia" in *National Security Concept*, The Institute for Strategic Studies, Ulaanbaatar, 2012, 12-13. .

⁹ Damba Ganbat, "National Security Concept of Mongolia : Basic Principle " in *National Security Concept*, The Institute for Strategic Studies, Ulaanbaatar, 2012, 17.

¹⁰ See Jeffrey Reeves, "Mongolia's evolving security strategy: omni-enmeshment and balance of influence." *The Pacific Review* 25.5, 2012, 589-612.

Figure 4: Mongolia's Mineral Wealth (Forecast), FDI and GDP (2002-2012)

Source: Thompson Reuters Data Stream/UNCTAD: World Bank

More than \$1 trillion worth of metals and minerals in more than 6000 sites across the country, mining experts estimate, are waiting for investors to commit capital.¹¹ Mongolia as of the late has enjoyed enormous leaps in its national income thanks to the intensified efforts to develop various reservoirs¹²—such as Oyu Tolgoi and Tavan Tolgoi with their massive gold, copper and coal wealth (Map 2). The utilization of precious metals—coal, copper, tungsten, and uranium to name here few of them—has greased the wheels of Mongolia's exports and government spending, initiating an average of %12 GDP growth from 2010 to 2012.¹³

The magnitude of mineral wealth in Mongolia's disposal has already led many pundits to conclude that this country is on its way to becoming “the Qatar of Asia.”¹⁴ As it is previously stated, however, Mongolians are incredibly concerned with the fact that such potential may well become sort of a ‘mineral curse’ that is associated with foreign nations’ control and the lack of democratic progress. A case in point is that the mineral sector constitutes the lion share of foreign direct investments (FDI)—70% of total—made in Mongolian soil. China parents most of the contracting companies as well as the predominant portions of the FDI in-

¹¹ Kerry Sun, “Mongolia’s Rapid Economic Growth: A Blessing or a Curse?”, 30.07.2012, <http://globalprosperity.wordpress.com/2012/07/30/mongolias-rapid-economic-growth-a-blessing-or-a-curse/>

¹² B.Khash-Erdene, “Mining Sector to Lead Economic Sector in 2013”, UB POST, 07.01.2013, <http://ubpost.mongolnews.mn/?p=2379>

¹³ CIA Factbook

¹⁴ Mongolian Prospects : Leaders call for more foreign investment in mining sector to boost economic development, http://www.businessweek.com/adsections/2009/pdf/09.21.09_mongolia.pdf

flows that Mongolia desperately needs to turn its mineral wealth into economic revenue. Mongolian concern for becoming a drilling site of Chinese and Russian business endeavors pushes their foreign economic interests to overlap with that of trading state Turkey that seeks to reap the greatest benefit from an increasingly poly-centered world economic order.

3. TURKEY, A THIRD NEIGHBOR OF MONGOLIA

Mongolian policy-makers in enlisting Turkey as one of its third likely neighbors probably have taken into view at least four reasons. One of the key motivations should be that of the historical ties that bond these two nations together as the descendants of a similar cultural heritage.¹⁵ One another point to make a case for favoring Turkey is the latter's self-identification with democratic ideals, which marks one of the key features of Mongolians' definition of a third neighbor. Additionally, and perhaps even more critically, Turkey has an acute need of trading with, and investing in, markets of Mongolia's sort given that Turkish economy grows incrementally hungry for raw materials so as to meet its dramatically surging industrial basis. Mongolians have probably called in mind a fourth reason when they have appointed such a special status to Turkey—that is, the distance with Turkey will lessen with construction of what is called Iron Silk Road (Map 2).

This project, just as the historical Silk Road as its forerunner, purports to integrate a vast geographical expanse running all the way from the far side of Asia to the interiors of European mass-land. When it is complete, the project may significantly reduce the cost and time of shipping merchandises, thus bolstering economic links across the distant portions of Eurasia. Turkey in hopes of increasing the accessibility of landlocked countries, such as Mongolia, has already committed itself to this freight railway as one of the primary financers.

The recent momentum in state-to-state affairs between the two nations is a corollary of, and arises from, this geo-economic background. When Tayyip Erdoğan visited his counterpart in Ulaanbaatar, in 2005, Turkey's relations with Mongolia have reached at its highest level since 1969, the year in which Turkey opened the first formal diplomatic channels with this country. A joint declaration came out of this visit by which parties announced their intention to enforce bilateral cooperation. In April 2013, Turkish Prime Minister made his back way to this Central Asian republic for another high-level summit. Around this time, he was there in order to give substance to this bilateral cooperation under review. This visit concretized the terms of Turkish-Mongolian partnership with parties agreeing on how to proceed along this path. The first and the second steps are to grant visa exemption to one another's citizens and work in coordination to increase number

¹⁵ Mongolia is home to the Orkhun inscriptions, monuments in Turkic and Chinese erected in the memory of Gokturk Emperors Bilge Kagan (684-734) and Kul Tigin (685-731). Made in the 8th century, these inscriptions include the earliest written Turkic/Turkish words.

of flights as means of facilitating not only economic but also inter-cultural connections. They jointly agreed to put a third step involving closer partnership in the fields of leather processing, tourism and construction.

The commercial affairs that take place in between the two mostly entail low-end products or raw materials. The machinery, coffee/tea or spices are some of the articles that constitute Turkey's exports to Mongolia.¹⁶ Mongolia, in return, sells Turkey electrical appliances, leather, fur skins and some other similar merchandise.¹⁷ Notwithstanding the positive steps, there is still a lengthy journey before Turkey and Mongolia replace presently modest trade volume (approx. 44 Million US Dollar) with a more complex degree of economic interdependence (Table 4).

Table 2: Turkey's Export to/Import from Mongolia (Million USD)

Year	Export	Import
2008	12.948.117	1.084.649
2009	5.629.461	2.942
2010	11.151.072	895.909
2011	43.422.961	3.010.037
2012	35.905.107	8.182

Source: Turkish Statistical Institute

Following up the same theme, a total of 56 Turkish companies have business in Mongolia and a big majority of them have focused their activities in leather and food industries. This picture as a matter of fact represents an underperformance on the part of Turkish entrepreneurs, which already proved highly competitive and agile against their global rivals all over the planet. *Economics and Trade Cooperation Opportunities with Mongolia* is a report recently drafted by the Turkish Embassy in order to hold up Turkish business class in Mongolia through a set of recommendations.¹⁸ This report sums up seven fields of investment that it believes will help proliferate Turkey's economic presence in Mongolia. The Natural Resources, as previously mentioned, comes as the most significant area to be reckoned by those Turkish firms that have excelled on refining, drilling and rehabilitating the environment. Turkey's energy companies are already performing in various countries in the Middle East and Caucasus, thus, will easily place a bid for the Mongolian government's projects—such as building hydroelectric plants and/or expanding the Country's electricity network. One more, there is an augmenting

¹⁶ Republic of Turkey – Ministry of Economy , Accessed on 31.07.2013, <http://www.economy.gov.tr/index.cfm?sayfa=countriesandregions&country=MN®ion=2>

¹⁷ Ibid.

¹⁸ T.C.Ulan Bator Büyükelçiliği Ticaret Müsteşarlığı , Moğolistan ile Ekonomik ve Ticari İşbirliği İmkanları (Economics and Trade Cooperation Opportunities with Mongolia) , 2010.

domestic demand in Turkey for both semi-processed and unprocessed gold, which is in ample quantities available in Mongolia.

Mongolia's nascent agriculture is another field that needs foreign investment. According to the said report, Mongolian government has already issued a "Food and Agriculture Policy" to the end of leveling up both the quality and the quantity of its annual agricultural output. Turkish investors will suffer no window of opportunity to join in this agricultural endeavor. It is safe to assume that one could accomplish great leaps in leather, milk and other subsidiary productions by constructing integrated agricultural facilities and more efficient irrigation systems. As third, the report recommends Turkish firms to assemble leather-processing facilities in Mongolia in anticipation of high profit margins due to low production costs. Textile industry is yet another area to appeal to Turkey. The Mongolian government currently works on opening free economic zones and extending a micro-credit system so as to appeal to small and medium scale enterprises. Mongolia's cashmere production is only second to China (a one fourth of all global market) and comes right after copper and gold as an export item. It is therefore a natural area of attraction for Turkey's highly developed textile industry. The fifth channel for Turkey to enter Mongolian economy is the construction sector that has just commenced on its hey-days as a result of housing boom. The population of the capital city has doubled within the last decade, all the way from 450,000 to a million, bringing with it a soaring demand for housing.

Turkish communication sector has a long record of running its operations in abroad, specifically in Central Asian and Caucasian markets. They will find a fair environment to compete against their rivals as the Mongolian government has already abolished all of the state monopoly in this field. Finally, Mongolia is an untouched and barren country containing many sites to attract tourists from all over the world. Turkey, on the other hand, has a highly developed tourism sector with years of experience. Plus, the two nations arise from a common historical background with so many touristic sites, such as Orkhun Inscriptions, that bind Anatolian Turks to their distant roots. As Mongolian Ambassador to Turkey, Badamdorj Batkhishing, lays it bare; "...historical ties connect us more than money, because Turkish and Mongolian people are connected to each other by history."¹⁹

As that, Ankara sets itself the task of leveling up the currently low trade volume of \$43 million to a \$250 million by 2015. This projection is perfectly within the grasp of Mongolia and Turkey. The latter is already set for conducting cargo trips and daily-passenger flights to Mongolia. The Trans-Asian Railway will likely further solidify the basis of economic cooperation between Turkey and Mongolia, thus helping goods and people move across the two ends of Eurasian mass land.

¹⁹ Aydın Albayrak, " Turkish-Mongolian ties to reach new heights with Erdoğan's visit" , Today's Zaman, 09.04.2013 , http://www.todayszaman.com/newsDetail_getNewsById.action?sessionId=AD C69F47DE34589AD812533D073A6DAA?newsId=312118&columnistId=0

4. CONCLUSION

As world's economic center of gravity has been shifting to east, rising economy Turkey has been shifting its focus as well. To sustain its economic growth, Ankara knows that it should intensify its relations with Asia. Turkish Prime Minister Tayyip Erdogan's recent remarks on becoming a member of the Shanghai Cooperation Organization (SCO) as an alternative to joining the European Union runs in parallel with Turkey's current surge towards the East.²⁰ Ankara has reached at a whole new point in this direction by making significant ties with Mongolia. The Turkish-Mongolian partnership has a long way to surpass the current restrictions and limitations despite the important breakthroughs that have come about in a relatively brief amount of time. Turkish business class needs to be further encouraged to invest in this far but friendly country if necessary by credits and some other subsidies, otherwise falling further behind Chinese, Russian and Western companies.

²⁰ Lyuba Lulko, "Is Turkey bluffing about joining Shanghai Cooperation Organization?", 04.02.2013, Accessed 27.06.2013, http://english.pravda.ru/world/asia/04-02-2013/123669-turkey_shanghai_cooperation_organization-0/

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