



INDIA-TURKEY RELATIONS

BILATERAL TIES IN A NEW ERA OF CONVERGENCE

A Report



ASPEN INSTITUTE INDIA

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Aspen Institute India promotes values-based leadership, open dialogue and cross-sector outreach by engaging the civil society, government, private sector, and other key stakeholders on issues related to India's development. It invites industrial, economic, financial, political, social and cultural leaders to discuss these issues in settings that encourage frank and open dialogue.

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Foreword

Aspen Institute India organised an important round table on the current state of India and Turkey relations to explore avenues on strengthening ties between the two democracies, in September 2012. Both India and Turkey are playing significant roles in their respective regions and emerging economies that intend to shape global discourse in the coming years. Situated in geographically vantage positions, India and Turkey complement each other.

The round table brought together the Prime Minister's Special Envoy, Ministry of External Affairs official, senior editors, business and industry leaders, analysts and former diplomats and senior

armed forces officer. The round table explored new areas of cooperation and collaboration between India and Turkey across several sectors.

This report gives an overview of bilateral ties and snapshot of the deliberations in the round table. It presents a set of recommendations based on the discussions that could bring the two countries closer. Aspen Institute India trusts this document will be of value in better understanding the latest developments in India-Turkey relationship.

India-Turkey Relations:

Bilateral Ties in a New Era of Convergence

Introduction

1. India and Turkey are both emerging economies who are also developing economic and strategic interests outside their immediate region.
2. India, a long term proponent of nonalignment and who pushed a foreign policy based on moral precepts, is moving to a foreign policy more focussed on pursuing tangible interests. Turkey, a NATO member, that for decades saw its future as a European state embedded in the Western political structure, is now positioning itself as an important player in West and Central Asia as well.
3. India has undergone major structural changes to its economies going back to the mid-1980s that have rolled back regulatory barriers on its private corporate sector and opened up its economy to foreign capital and investment.
4. Similarly, Turkey has leveraged its close economic relations with Europe and now, increasingly, with West Asia and North Africa to become a major industrial economy. Its economic reforms began in 2001 as well, and its growth rate has averaged over 5 per cent since then. Turkey has also seen a private corporate sector renaissance, the entrepreneurs involved collectively known as the Anatolian Tigers.

India-Turkey Relations: A Snapshot View

	Turkey	India
<i>GDP Total</i>	USD 1.073 trillion	USD 1.9 trillion
<i>GDP/Capita Income</i>	USD 9,500	USD 1,340
<i>Population</i>	73.6 million	1.2 billion
<i>Major Trading Partners</i>	EU (46.3%), Iraq (5.3%), Russia (4.1%), USA (3.4%)	UAE (13.6%), China (12%), USA (10.1%)

Bilateral Trade	<p>Volume: USD 6.6 billion (Jan-Nov 2011)</p> <p>India's exports: petroleum products, clothing and apparel, aluminum, cars, mobile handsets</p> <p>Turkey's exports: marble, textile, machinery, copper ores, inorganic chemicals, jewelry</p>
Investments	<p>Indian investments in Turkey: railway construction, pipelines, hydrocarbons, IT services</p> <p>Turkish investments: tourism, textile products, construction</p>
Recent High level Visits	<p>Prime Minister Erdogan (2008)</p> <p>President Gül (2010)</p> <p>Vice President Ansari (2011)</p>
Key Agreements	<p>Bilateral Investment Promotion and Protection Agreement 1998 (BIPA)</p> <p>Avoidance of Double Taxation and the Prevention of Fiscal Evasion 1997 (DTAA)</p>
Institutional Arrangements	<p>Joint Commission for Economic and Technical Cooperation</p> <p>Joint Business Council</p> <p>Joint Study Group for Free Trade Agreement feasibility</p>
Education and Culture	<p>25 slots offered to Turkish students under Indian Technical and Economic Cooperation (ITEC)</p> <p>MOU signed between Ankara University and JNU and Bogazici University and Shantiniketan</p> <p>Language professors are on deputation through the Indian Council for Cultural Relations</p>
Defense	<p>High level visits: Chairman of Chiefs of Staff Committee and Chief of Army Staff Air Chief Marshall V. P. Naik (2011)</p> <p>Chief of Naval Staff Admiral Nirmal Verma (2011)</p>
Diaspora	<p>A small group of working professionals are found in each country.</p>

Turkey's Internal Changes

1. Ataturk legacy. Turkey is most famous for the stringent, top-down Westernisation imposed by the father of modern Turkey, Kemal Ataturk, after the defeat of the Ottoman Empire after World War I. Ataturk was determined to make his nation a European nation in as short a space as possible and used the unquestioned authority he gained as a national hero to push Turkey on this path. He is most famous for the diktats against overt signs of Islam in everyday Turkish life, including wearing headscarves or long beards.
2. Militant secularism. After Ataturk the country was ruled by an oligopoly of a Westernised secular elite backed by a military that legitimized itself as the defenders of the Ataturk legacy. The military overthrew the civilian government four times in the postwar period, the last being 1980. The military and the judiciary took particular aim at the Islamist parties that began emerging from the 1980s onwards.
3. AK Partisi rule. The secular elite-cum-military mismanaged the country's economy culminating in a major economic crisis in 2001. In the 2002 elections, the electorate overwhelmingly rejected both the two main secular parties and voted for the Islamic

parties. Notably, however, they selected a middle of the road religious party, the AK Partisi, led by the mayor of Istanbul, Erdogan, whose reputation was based on clean and efficient government.

Commercial Assertiveness

1. The AK Partisi's steady political rise has been combined with a new paradigm in Turkey's economic growth.
2. Fiscal responsibility. Since taking power, the AK Partisi has ensured government debt as a percentage of GDP has fallen from 90 to 40 per cent. Inflation, which peaked at 70 per cent in the economic crisis of 2001, is down to single digits. The combination, however, has allowed interest rates to fall dramatically. Per capita income has gone from \$ 3500 to \$ 10000.
3. Anatolian Tigers. At the entrepreneurial level, a key development has been the rise of the so-called Anatolian Tigers – a cluster of companies who come from Turkey's second-tier urban centres and from south and central Anatolia. This new entrepreneur breed, religiously conservative but separate from the traditional Istanbul-Izmir-Ankara ruling elite, have been the driving force behind the AK Partisi and Turkey's economic rise.

4. Foreign capital dependence. Turkey's economy is not without weaknesses. The country has low rates of savings, about 20 per cent of GDP, which has made it unusually dependent among emerging economies on foreign capital flows. It depends on steady foreign institutional investor interest and has had a spotty record in attracting foreign direct investment, not unlike India.
5. Until recently, it had, unusually for a country in a trade union with the European Union, a low export-orientation. This has changed the past few years, with exports now equal to 50 per cent of GDP. But the country runs a very large current account deficit, almost 10 per cent of GDP, which many economists feel is unsustainable.
6. Market diversification. Turkey's GDP growth fell nearly 14 per cent after the subprime crisis of 2008. It rebounded quickly, but the crisis did underline the country's need to be less dependent on Western markets. Today, Turkey's economy has as strong a link with the markets of West Asia and North Africa as it does with Europe.
2. Neo-Ottoman policy. The AK Partisi began shifting away from the Europe First policies of Kemal Ataturk. It argued that the EU was not going to give Turkey membership, whether because of its Muslim majority population or because of its unresolved ethnic issues with its Kurdish minority. The Erdogan government diversified the country's foreign policy interests towards West Asia, Central Asia and other parts of the world.
3. Leadership role in West Asia. Ankara recognized the decrepitude of the Arab polity. It saw leverage in the growing sense, in North Africa and the Levant in particular, that the AK Partisi's successful combination of economic growth, political modernity and Islamic conservative values provided a model for the Arab and Muslim world, Turkey has for the past few years positioned itself as a role model for the Arab Muslim world. This, in effect, has made it an secular-military elite, wedded to NATO and largely anti-communist, held nonalignment in contempt. The Turkish military has been politically powerful, pro-Western and a repository of Muslim modernity. It developed strong bonds with the Pakistan Army. Turkey consistently voted against India at the OIC and the UN over the Kashmir issue.

Foreign Policy

1. Western orientation. In the past, Turkey combined the worst of Western and Muslim foreign policy views of India. The Turkish

ideological rival of Iran, arguably Saudi Arabia, and more recently Egypt which hold similar ambitions. One of the reasons for its diluted relationship with Israel is this leadership ambition.

4. Gateway to Central Asia. The collapse of the Soviet Union provided Turkey another leadership opportunity. The former Central Asian states of the Soviet Union are less

enamoured of Turkey’s democratic political model and mildly wary of the AK Parti’s Islamic undertones, but they are impressed by its economic capacity. Most importantly, Turkey provides the most stable and efficient gateway for the mineral and energy exports of Central Asia to Europe and the world at large. This is a position Turkey has actively encouraged and the country is the hub for a spiderweb of pipelines and transport links.



Turkey's Existing and Planned Oil and Natural Gas Pipelines (Source: Botas)

5. Increasing assertiveness. As it moved away from the West, Turkey initiated a “zero problem policy” with its neighbours to strengthen its legitimacy and influence as a regional player. This has an echo of India’s own peaceful periphery initiative. It invested

heavily in building a relationship with the Assad regime in Syria, in particular.

6. But Turkey’s neighbourhood policy has been affected by the uncertainties created by the Arab Spring. These popular revolts have

posed a dilemma for Turkey which has had to decide whether to support the Arab Street or the Arab rulers it had once cultivated. Its role in the Syrian civil war, where it actively – but it insists nonmilitarily – seeks the overthrow of the Assad regime, indicates it has thrown in its lot with former.

Convergences with India

1. Economic. Turkish firms have expertise in light manufacturing, infrastructure development and construction. Turkey is second only to China in terms of its overseas presence in construction. But its firms, including the Anatolian Tigers, are also looking to move up the value addition chain. Turkish entrepreneurs now look at pharmaceuticals, software and similar technology sectors for the future of their economic growth. Turks in polls say Asia is more important for their national interest than the US, 46 to 29 %.

Turkey, the most populous West Asian nation and given its per capita income of \$ 10,000, is a market for Indian products and services that is underexploited. It also provides excellent market access to the European Union and Central Asia.

2. Strategic. India is dependent on imported oil, gas and minerals and, even in the best

domestic policy environment, will be dependent as such for the medium and long-term. Its primary source of energy is the Persian Gulf, an increasingly geopolitically unstable part of the world. Even its access to the energy hubs of the Caspian Sea and Central Asia runs through the same region. Turkey would be a necessary subset of any alternative system of fossil fuel supplies coming to India from and through the Eastern Mediterranean. It would complement any existing structures that run through the Persian Gulf.

Examples:

- Extending the North-South corridor to the Caucasus and Turkey.
 - Natural gas pipelines and sealanes running from Turkey through Israel or Egypt to the Red Sea-Indian Ocean.
3. Islam. With the world's third largest Muslim population, India is understandably wary of the politico-religious influences that come from other parts of the Islamic world across its borders.

Turkey is arguably amongst the Muslim majority nations whose example would best fit into the socio-political milieu that India would like to propagate. The AK Partisi is Islamicist, but it is strikingly modern in its vision – with probably the most progressive

outlook of any Islamic party in the world today. This is reflected in the Fethullah Gulen movement, a Muslim reformist whose emphasis on inclusivity, praise for entrepreneurship, and education have made it an important component in the rise of the Anatolian Tigers:

Key points about the AKP

- a) It has remained committed to democracy and the institutions of representative governments.
- b) its Islamicization policies have been limited only to lifting forcible secular practices like forbidding women from wearing headscarves. It has expressed no interest in introducing the sharia or otherwise letting the institutions of state become subservient to those of Islam. And upholding the secularity of the constitution has been crucial to the party's success since 2001.
- c) its commitment to modern education, science and technology, the protection of minorities and capitalism are not in doubt.

Stray polls show that the Turkish model is seen as the favoured one by young Arabs today. Tunisia, Egypt and other newly-elected governments in these countries have shown a desire to follow the Turkish path.

Erdogan, on his first visit to Egypt told the Muslim Brotherhood there, "Do not be wary of secularism. I hope there will be a secular state in Egypt. Secularism doesn't mean a lack of religion, but creating respect for all religions and religious freedoms for individuals. Secularism does not mean that people are secular. For example, I am not secular, but I am the prime minister of a secular state."

It was not popular with the Brotherhood but it reflected a core belief of the AK Partisi.

Exposure to such a form of political Islam among the larger Ummah would be a positive sign.

What are Turkey's limitations?

1. Being leader of Muslim world, Central Asia and the Arab world is difficult for anyone. Turkey has historical geographic and ethnic limitations that should be kept in mind. Turkey will be a major player in several places, but not necessarily number one anywhere.
2. Turkey's economy is a success. It as current account deficit that is unsustainable. Its export orientation has only begun to manifest itself. But the strength of its private corporate sector is a major plus.

3. Turkey falls in and out of grace with the country's in its neighbourhood quite rapidly. Its relations with Israel are a case in point. It is a hard-nosed power, not prone to sentiment in its actions and that should not be expected in its strategic dealings. But Ankara is a government prepared to take risks -- most prepared among ISAF to keep troops in Afghanistan.

Aspen India's Recommendations for enhancing Indo-Turkish Relationship

- Enhancing people-to-people ties will be key to expanding ties between the two democracies. Tourist inflow from both countries to each other's country is rising. It could be enhanced by increasing flights between Istanbul and Delhi-Mumbai. Currently there are one daily flight between these two Indian cities and Istanbul.
- Indo-Turkish ties are friendly and non-problematic except for its Pak-centric policies. Ties in the strategic sphere can be expanded through a broader defence partnership. Regular interaction between all three armed services of the two countries are recommended. The exchange of armed forces personnel to each other's defence colleges should be launched. Visits by chiefs of armed forces of the two countries should take place on a regular basis. Maritime security cooperation should be explored. An indigenously built Turkish warship is visiting Mumbai next January. A delegation from the National Defence College visited Turkey this year for the first time. India can contemplate supply of indigenously made warships to Turkey. Defence partnership can be game changer in bilateral ties.
- Both India and Turkey are victims of terrorism. The two countries can explore the possibility of setting up a Joint Working Group on counter-terrorism on the lines of other such JVGs that India has with other countries.
- Intelligence cooperation with Turkey will give India a perspective on West Asia and the Persian Gulf at a time when these regions are undergoing considerable political and economic volatility. Turkey is attempting to assume a leadership role in the region. India and Turkey are stable democracies and could explore means by which the two could use their political and administrative experience to assist the Arab world.
- India and Turkey could explore the possibility of civil nuclear cooperation. Turkey had shown interest in cooperation with India in this field earlier.
- High level Ministerial contacts & visits are imperative to enhance political ties. A Joint Commission can be formed. This could meet alternatively in India and Turkey on alternate years to take stock of the entire gamut of relations. India and Turkey should work closely at various international forums and groupings on key global issues.
- Turkey's geographical location is an advantage for India. It can be alternative gateway for India into resource rich Central Asia. Potential in Indo-Central Asian ties have not yet been fully realized due to lack of viable transport corridors. This will be win-win proposition for both India and Turkey. Turkey has strong and deep contacts with the Central Asian Republics and Caucasian states. Pipelines from Central Asia through

Turkey can carry hydrocarbon critical for India's growing energy needs.

- India and Turkey have long-term and deep strategic interests in Afghanistan. Both are currently interacting on stabilizing Afghanistan in the post 2014 period. It is being recommended that the two countries should hold regular dialogue on Afghanistan. The dialogue could be institutionalized that will contribute to Afghan stability. India is already leading one of the CBMs in the Istanbul process on Afghanistan.
- India and Turkey are emerging economies who are both members of the G-20. Both should explore ways to expand policy cooperation as part of this process. India and Turkey should work closely at various international forums and groupings on key global issues.
- Economic links should be expanded to encourage bilateral investments. Means to take economic cooperation further, riding on the present FTA being negotiated between the two countries, should be explored. As an example, Turkish construction firms are present in a big way in Central and West Asia. New Delhi and Ankara could explore avenues wherein Turkish construction majors can tap the Indian market and fulfill the country's infrastructure needs.
- While both economies are currently experiencing slower growth, both countries can work within these constraints. Turkish private sector firms are showing interests in India. Smaller doable targets in the business sector should be aimed at. Currently bilateral trade volume is 7.3 bn usd.
- Turkey is a country strongly influenced by Sufi traditions that had their origin in India. Ruling AKP in Turkey is moving towards the Indian model of secularism. There is an imperative to deepen Indo-Turkish cultural ties. Regular cultural exchanges between the Indian Council for Cultural Relations (ICCR) and its Turkish counterpart should be contemplated. Cultural delegations and shows about each other's countries must be part of an annual calendar. ICCR could also contemplate offering more scholarships to Turkish nationals. Film festivals by respective directorates can also be contemplated. Similarly joint film productions and locations for film shootings in each other's country must be encouraged.
- With increasing common strategic goals, scholars, foreign policy experts and economic experts from both countries should interact and collaborate regularly. There could be more seminars and dialogues between the universities, centres and public policy groups. Top think tanks could enter into MoUs for institutionalized cooperation.

Annexure

List of Participants

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