

In the Name of God

**Trade Potentials of the ECO Member States at a Glance:
Republic of Turkey**



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Message by H.E. Eng. Gholamhossein Shafei

President

ICCIMA & INC of ECOCCI

I am honored to state that the efforts and accomplishments of the ECO member countries in the past 2 decades have proven the fact that the Organization with vast untapped resources of minerals, oil and gas as well as sufficient and experienced human resources enjoys a high capacity for cooperation.

Cooperation within the framework of the regional organizations given the current circumstances ruling over the global economy and the crises in the recent years can be a reliable way to boost the convergences and staying off the harms of the international economy fluctuations.

The ECO member states are of such very significant characteristics and can expand their collaborations by resorting to these characteristics in all areas.



These countries according to the statistics in 2015 exchanged US\$ 635 b worth of goods with the world out of which 8% that is US\$ 51 b was the share of intra ECO trade.

Generally the current state of cooperation of the ECO with respect to the population, area and the abundant potentials is far from its actual global and ideal status in terms of intra-regional collaborations as the volume of intra ECO trade in contrast to the total foreign trade volume of the region in comparison with other world blocs namely ASEAN, NAFTA and EU whose figures stand at 24,50% and 62.5% respectively is very low for which in order to elevate the intra-regional volume of interactions, it is imperative to the member states pay special attention to alleviation of current problems and implementation of the signed agreements within the framework of ECO.

It is through this advance that the INC of ECO CCI has conducted a series of studies into the intra ECO trade potentials of the member states the first of which focused on Afghanistan, Azerbaijan, Kazakhstan, and Iran, and the current volume, Republic of Turkey which we hope will help better understand and utilize the intra ECO trade capabilities to the benefit of the region's nations.

I sincerely hope that this investigative study on issue associated with trade and development with a special attention on the intra-ECO trade, motivates these countries to promote intra-regional trade and investment.



Message by Dr. M.R. Karbasi

Secretary General

INC of ECOCCI

The competitive economy of the world has caused different regions to move towards convergence and creation of economic poles in order to utilize the possibilities of the regions to the benefit of their peoples.

In pursuance of this trend, the organization has been laying down necessary regulatory framework for promotion and expansion of intra and inter-regional trade and investment.

Member countries, in the interim, have proven to have high capacity for being one of the world's economic pivots.

The forward movement on various ECO initiatives in the field of trade including the ECO Trade Agreement (ECOTA), establishment of ECO Trade and Development Bank (ECOTDB), reactivation of ECO Chamber of Commerce and Industry (ECO-CCI) and cooperation in Customs matters is now much more pronounced and visible.



As visualized by the political leadership, the growing cooperation through these initiatives would set in motion the process of establishing a Free Trade Area in the ECO region by 2025 which is the new ECO Vision being laid down by the collective initiatives of the member states and the efficient leadership of the ECO Secretariat .

To this end While striving for the liberalization and promotion of trade and investment, there should be a better and more thorough look into the potentials of intra ECO trade and investment opportunities.

It is thus necessary that the ECO member states convene in order to revise their trade policies and review the ECO`s plans on new trade arrangements in order to promote the share of intra-ECO trade.

It is through this outlook that we at the INC of ECO CCI have extensively studied the intra ECO trade potentials of 4 member states namely Afghanistan, Azerbaijan, Kazakhstan and Iran, and the latest issue, Republic of Turkey, which is before you in this publication and will later publish similar studies on other member states which we hope will help better understand and utilize the intra ECO trade capabilities to the benefit of the region`s nations.



Geo-economic features

Turkey, with the official name of the “Republic of Turkey”, is a Eurasian country with a large part of the country, the small Asia-Pacific in the south-west Asia and the Middle East; and a small part called Thrace in the Balkan region (a region in southeastern Europe).

Turkey neighbors in the east with Iran, Azerbaijan (Nakhchivan), Armenia, and Georgia; in the south-east with Iraq and Syria; and in the northwestern (European region) with Bulgaria and Greece. Turkey is also bordered by the Black Sea from the north, from the west to the two small seas Marmara and Aegean, and from the southwest to the Mediterranean Sea. The two strategic Strait of Bosphorus and Dardanelles are also possessed by Turkey.

The vastness of Turkey is 783, 562 square kilometers. Turkey is a mountainous country with relatively high rainfall. Situated in one of the most sensitive areas of the world, the country has a very geostrategic location, and it is considered as the Southwest Passage between Asia and Europe, and many countries use Turkey’s soil for transit of goods and energy.

Turkey has six Asian and two European neighbors. The neighboring countries of Turkey are: East with Iran 499 km, Azerbaijan 9 km, Armenia 268 km, and Georgia 252 km, south-east with Iraq 352 km and Syria 822 km; north-west with Greece 206 km and Bulgaria 240 km .

Turkey's economy is a mix of indigenous and modern industries that are growing day by day. The private sector of the Turkish economy is also strong and growing rapidly and has an important role in banking, transport and communications.

Turkey has been self-sufficient in producing basic agricultural products since the 1980s and has continued to grow since then.

Tourism is one of the most active sectors of the Turkish economy, which is growing rapidly. The country's tourism revenue in 2015 was \$ 49 billion.

Table (1) - Basic information for Turkey 2016

Major Mineral Products	Major agricultural products	volume of foreign investment (Billion USD)	Inflation rate (Percent)	Per capita income (USD)	GDP (Billion USD)
Coal, gold, iron ore, building materials, copper, lead, crude oil, natural gas, uranium	Olive grains, Olive, Pistachio, Corn, Potatoes, Seafood, Fruits, Walnuts, Tobacco, Grapes, Sugar, Wheat	186	7.5	9130	817

Source: <http://eng.tpo.ir>

Turkey's economy experienced significant growth in the 1980s as a result of three major factors:

- Moving from the agricultural economy to the industrial and service economy,
- Modernization of existing industries and technology transfer,
- Participation in international trade.

Since 2006, gross domestic product (GDP) has grown steadily, to \$ 718 billion in 2016.

Table (2) - Major items of trade and major trading partners of Turkey

Major Export Items to the World	Power tools, machinery, iron and steel, electrical and electronic appliances, knitwear, precious stones and metals, fuel, iron and steel parts, non-woven clothing, plastics and derivatives
Major items imported from the world	Types of fuel, machinery, iron and steel, electrical and electronic equipment, propulsion machinery, precious stones and metals, plastics and derivatives, chemical and organic, ophthalmic and visual equipment, equipment for measuring and measuring, pharmaceuticals and products
Exporting Partners	Germany, Iraq, United Kingdom, Russia, Italy, France, USA, UAE, Spain, Iran
Importing Partners	Russia, China, Germany, Italy, USA, Iran, Switzerland, France, Spain, India, United Kingdom, South Korea, United Arab Emirates, Ukraine
Major Export items of Iran to Turkey	Catalysts and cathodes of refined copper, urea, unworked and non-metallic aluminum, textile grades, non-metallic, bituminous, pistachios, pistachios, or fresh pistachios
Major items imported from Turkey	Wheat, green or dried banana, meal, sunflower seeds, corn, chlorine, other fibrous wood, wood or other wood materials, barley, excluding barley corn

Source: [Http://eng.tpo.ir](http://eng.tpo.ir) / <http://www.trademap.org>

Table (3)
Turkey's trade exchanges with the world from 2012 to 2016 (million USD)

Year	2012	2013	2014	2015	2016
Imports	236,546	251,662	242,178	207,207	198,602
Exports	152,462	151,803	157,611	143,851	142,607
Total volume	389008	403465	399789	351058	341209

Source: www.trademap.org

Table (4)
Turkey's trade with ECO countries from 2012 to 2016 (million USD)

Year	2012	2013	2014	2015	2016
Exports to ECO	16564	11899	11717	9568	9612
Imports from ECO	16430	14803	13444	9311	7740
Total volume	32994	26703	25161	18879	17352

Source: www.trademap.org

Table (5)
Trade between Iran and Turkey from 2012 to 2016 (million USD)

Year	2012	2013	2014	2015	2016
Imports from Iran	11965	10384	9834	6097	4699
Exports to Iran	9922	4193	3887	3665	4969
Total volume	21887	14577	13721	9762	9668

Source: www.trademap.org

The state of agriculture, industry and tourism in Turkey

Agriculture sector:

Historically, the Turkish agricultural sector with the largest share of labor, has had the largest share in gross national product (GNP), in exports and industrial growth. But with the development of this country, due to the rapid growth of the industry and the services sector, to a great extent the importance of this sector has been reduced. If over the course of these decades, the share of agriculture in the Turkish economy has declined, it still has the highest share in terms of the highest number of labor and total income. Agricultural production of 67% and livestock farming account for 26% of the production of this sector.

Turkey is the largest producer and exporter of agricultural products in the Near East and in the North African region.

Vegetable products are considered as the most important agricultural products in Turkey, including fresh fruits and vegetables, legumes, bacon, industrial plants and forage.

Edible grains and dried fruits such as hazelnut, pistachio, raisin, dried apricots and dried figs are among the most prominent exports of this country. Tomato paste, oilseeds, sweets like biscuits, breads and pasta are other exported items.

Industry sector:

Turkey's manufacturing industries include garments, textiles, automobiles and parts, electrical machinery, iron and steel, food industries, chemical products and resins, plastic products, gold and jewelry, ceramics, crystals and furniture from the main Turkish industries.

Textile and Clothing:

The steps taken to industrialize in the 1960s and 1970s are the basis for the emergence of the new textile industry in Turkey, and is now the largest economic sector in terms of gross domestic product, labor force and exports.

Turkey, as one of the industrial countries in cotton planting, has been able to use this advantage in the production of garments and textiles.

Tourism industry in Turkey:

Turkey's presence on the continental route of Asia, Europe and Africa, and the acquisition of natural and cultural treasures has attracted many tourists from all over the world.

In addition to its historical and cultural treasures, the country enjoys a wide variety of climate and natural environments. The beauty of nature, vast forests and beautiful lakes, buildings and monuments left by various civilizations are countless tourist attractions of this country.

Since the 1970s, the government has paid special attention to tourism and has been able to benefit from this source through infrastructure projects.

Considering the rich history and diverse cultural heritage of ECO member states, Turkey as a leading country in the field of tourism, by sharing its experiences with other member states, will help achieve the goals of this organization.

Table (6) Entrance tourism to Turkey, 2000 - 2015 (1000 people)

2000	2005	2010	2011	2012	2013	2014	2015
9586	20273	31364	34654	35698	37795	39811	39487

Credit Loan Program for Tourism Marketing

The purpose of the program is to provide financial resources to Turkish travel agencies and airlines for marketing promotional activities or overseas services, thereby helping to balance Turkey's balance of payments through increased tourist income.

Travel agencies selected by the Ministry of Tourism and the private airline companies licensed by the Ministry of Transportation or individuals with an annual income of more than \$ 500,000 are eligible. Maximum repayment period is 18 months.

Turkey's Export Development Strategy with the Prospect of 2023

Turkey's Export Development Strategy 2023 was developed by the Turkish Ministry of Economy and the Turkish Exporters' Association in 2009. The main objective of this strategy is to achieve \$ 500 billion in exports in 2023, which will coincide with the 100th anniversary of the establishment of the Republic of Turkey. In this strategy, the country's exports will grow annually by 12%. Turkey plans to be among the top 10 economies in the world in 2023, accounting for 1.5 percent of global trade.

In general, Turkey's export strategy 2023 will be due to the modernization and streamlining of the export-oriented structures based on advanced technology and development to meet today's and tomorrow's demands for the business environment.

Turkey; a member of the Economic Cooperation Organization (ECO)

The Economic Cooperation Organization (ECO) is an intergovernmental regional organization. The background of the Organization dates back to 1962, when three countries of Iran, Turkey and Pakistan established the Regional

Cooperation for Development (RCD), which operated until 1979. In 1985, with the cooperation of Iran, Pakistan and Turkey, the Economic Cooperation Organization (ECO) was established. In 1992, with the accession of Uzbekistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Afghanistan, the number of member countries reached 10.

As a newly-born organization, ECO has been successful in the region and in the world, but at the same time, the organization has faced numerous challenges to achieve its goals and objectives.

Several agreements have been signed in this organization that have encountered many operational problems during the implementation process. In the framework of the ECO regional cooperation, Turkey has signed the following agreements, but so far only the ECO Trade and Development Bank has been operational.

- ECO visa facilitation agreement,
- ECOTA (ECO Trade Agreement),
- ECO Transit Trade Transit Agreement,
- Agreement on Protection and Promotion of Investment (APPI),
- ECO Trade and Development Bank (ETDB) Agreement.

The review of the potential for increased trade between Turkey and ECO countries

The figures of the report shows that the total volume of trade in Turkey in 2016 was US\$ 341 billion, of which only US\$ 17.4 million came from the ECO region, which is about 5%.

What is certain is that the potential of Turkish trade (in our review, the potential import of this country from the ECO region) is more than the figure achieved in 2016. In this study, Turkey's trade potential from the ECO region has been studied in the main import items of the country. To this end, in each of these items, the total value of Turkey's imports is derived from the import value of the country from ECO countries and other countries of the



world, and against the value of other ECO exports of these commodities.

In the next step, by comparing the import of Turkey from non-ECO countries and the ECO export to the world in each of the items examined, it can be concluded that by prioritizing ECO countries instead of non-ECO countries as exporting countries to Turkey, we can help increase the volume of intra-regional trade in the ECO.

During the trade-requirement studies in the ECO region, by reviewing the 20 top -value goods imported by Turkey in 2016 (in terms of import value), the country's total import in 2016 in its 20 best-imported items would be roughly equal to US\$ 163.5 billion, of which only US\$ 6.4 billion (3.94%) came from the ECO region. On the other hand, other ECO countries had about US\$ 4 billion worth of exports from these 20 items, if Turkey used this trade potential in the ECO region, accounting for 6.5 percent of the country's trade in 20 of its best-performing goods with the ECO region.

Table (7) - List of 20 items of Turkey's best-value goods in 2016 Figures (US\$ 1,000)

capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Azerbaijan (34,993)	27,282,151	Iran(8,568), Turkmenistan(4,284), Pakistan(721), Kazakhstan(189), Uzbekistan(101) Afghanistan (48), Kyrgyzstan(31), Tajikistan(16) Sum=14132	27,296,283	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	84
Pakistan (155,100), Afghanistan (59,515) Kyrgyzstan (48,949) Sum= 263,564	23,316,123	Iran(3,570,474), Kazakhstan(201,878), Azerbaijan(47,095), Turkmenistan(18,694), Uzbekistan(923) Sum= 3,839,064	27,155,187	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	27
Kyrgyzstan (23,235), Kazakhstan (187,690) Turkmenistan (3,348) Turkmenistan (1274) Azerbaijan (18,934) Sum= 215,547	20,117,650	Uzbekistan(13,909) , Iran(2,713), Pakistan(498), Azerbaijan(141), Afghanistan(37) Sum=17,326	20,134,976	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	85



capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Azerbaijan (10,775) Tajikistan(10,005) Afghanistan (3,002) Sum=23,782	17,831,006	Iran(7,654), Pakistan(735), Kyrgyzstan(577), Uzbekistan(430), Turkmenistan(129) Kazakhstan(73) Sum=9,598	17,840,604	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	87
Pakistan(51,406) Afghanistan (27,485) Kyrgyzstan (16,161) Uzbekistan (3,297) Tajikistan (412) Turkmenistan(3) Sum= 98,819	12,469,489	Iran(82,643), Kazakhstan(15,642) Azerbaijan(7,681) Sum=105,966	12,575,455	Iron and steel	72
Kyrgyzstan (13,518), Tajikistan (3,944) Afghanistan (2, 104) Sum= 19,566	10,994,744	Iran(404,937), Uzbekistan (112,573), Azerbaijan (80,267), Pakistan(20,693), Turkmenistan (14,280), Kazakhstan(292) Sum=633,042	11,627,786	Plastics and articles thereof	39

capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Uzbekistan (2,900,388) Afghanistan (35,643) Iran(3,880) Turkmenistan (1,514) Sum= 2,941,425	7, 116, 591	Kyrgyzstan(69,004) , Kazakhstan(12,014), Azerbaijan(6,384), Pakistan(185), Tajikistan(175) Sum= 87, 762	7,204,353	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad . . .	71
Kazakhstan (27,494), Uzbekistan (3,764) Afghanistan(703) Tajikistan(353) Sum= 32,314	4,626,348	Pakistan(5,348), Iran(303), Turkmenistan(38), Kyrgyzstan(28), Azerbaijan(29) Sum= 5,746	4,632,094	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical . . .	90
Uzbekistan (26,990), Pakistan (5,076), Afghanistan (1,887) Kyrgyzstan(855) Tajikistan(18) Sum= 24,559	4,269,914	Iran(72,835), Azerbaijan(16,527), Kazakhstan(29) Sum= 89,391	4,359,305	Organic chemicals	29



capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Kazakhstan(13,281), Pakistan(6,802), Iran(3,276), Azerbaijan(4,291) Turkmenistan(2,124) Afghanistan(566) Uzbekistan(245) Sum= 30,585	4,310,403	Tajikistan(11), Kyrgyzstan(3) Sum= 14	4,310,417	Aircraft, spacecraft, and parts thereof	88
Kazakhstan(22,305), Uzbekistan(2,776), Kyrgyzstan(297), Turkmenistan(198) Tajikistan(55) Sum= 25,631	4,217,054	Afghanistan(27), Iran(21), Azerbaijan(4), Pakistan(3) Sum= 55	4,217,109	Pharmaceutical products	30
Uzbekistan(7,428) Tajikistan(5,625) Kyrgyzstan(2885) Sum=15,938	2,979,200	Iran(1,376), Afghanistan(338), Kazakhstan(297), Pakistan(505), Azerbaijan(130), Turkmenistan(103), Sum= 2,749	2,981,949	Articles of iron or steel	73

capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Pakistan(26,051), Uzbekistan(4,866) Afghanistan(262) Turkmenistan(36) Sum= 31,215	2,547,437	Tajikistan(127,310), Iran(73,317), Azerbaijan(71,452), Kazakhstan(44,763), Kyrgyzstan(1,562) Sum= 318, 404	2,865,841	Aluminum and articles thereof	76
Pakistan(54,801), Tajikistan(8,400), Afghanistan(7) Sum= 63,208	1,587,899	Kazakhstan (558,970), Uzbekistan (359,412), Iran(201,522), Azerbaijan(13,761), Kyrgyzstan(2,460) Sum=1,136,125	2,724,024	Copper and articles thereof	74
Tajikistan(47) Uzbekistan (1,354) Afghanistan(114) Kazakhstan (12,866) Sum= 14,381	2,683,476	Azerbaijan(754), Iran(386), Pakistan(45), Kyrgyzstan(28), Turkmenistan(24), Sum= 1,237	2,684,713	Paper and paperboard; articles of paper pulp, of paper or of paperboard	48
Kyrgyzstan(2,661) Tajikistan(1,264) Azerbaijan(702) Uzbekistan(289) Turkmenistan(95) Afghanistan(40) Sum=5,051	2,553,421	Iran(5,584) Pakistan(1,826) Kazakhstan(17) Sum= 7,427	2,560,848	Rubber and articles thereof	40



capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Afghanistan(84,993)	1,671,406	Turkmenistan(358,720) Pakistan(128,463) Uzbekistan(80,235) Tajikistan(29,016) Azerbaijan(11,743) Kyrgyzstan(9,600) Kazakhstan(8,445) Iran(20) Sum= 626,242	2,297,306	Cotton	52
Uzbekistan(1,646) Azerbaijan(1,276) Kazakhstan(459) Tajikistan(147) Kyrgyzstan(147) Turkmenistan(33) Sum=3,631	2,127,874	Iran(5,224) Pakistan(382) Afghanistan(45) Sum= 5,651	2,133,525	Man-made filaments; strip and the like of man-made textile materials	54
(Uzbekistan(623) (Kyrgyzstan(2,921) (Tajikistan(121) Sum=3,665	2,008,763	Iran(14,981) Pakistan(135) Kazakhstan(97) Turkmenistan(90) Azerbaijan(38) Afghanistan(29) Sum=15,370	2,024,133	Miscellaneous chemical products	38

capabilities of Other ECO countries to replace	Turkey's imports from non-ECO Countries	ECO Countries Exporting to Turkey	Turkey's Import Value	Notes	Goods Code
Kazakhstan(346) Kyrgyzstan(164) Azerbaijan(97) Tajikistan(142) Afghanistan(42) Sum=791	1,942,215	Pakistan(8,940) Iran(2,159) Uzbekistan(719) Turkmenistan(113) Sum=11,931	1,954,146	Man-made staple fibers	55
3,943,658	822 ,157,102	6,477,232	163,580,054	Total	

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

Looking at the information provided in Table (7), it is observed that Turkey will import its top 20 imported goods in 2016 mainly from China, Germany, Russia, Armenia, Italy, France, Korea, India, Spain, United Kingdom, Iran, Japan and the UAE.

Table (8) Review of Turkey's Foreign Investment Trend - 2011 and 2016 (USD)

Year	2011	2012	2013	2014	2015	2016
Inbound	16142	13631	12771	12458	17259	11978
Outbound	2330	4106	3528	6664	4807	2869

Source: http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf



10 Reasons to invest in Turkey

1. Successful Economy:

Booming economy; more than tripling its GDP, reaching USD 857 billion in 2016, up from USD 231 billion in 2002 (TurkStat)

- Stable economic growth with an average annual real GDP growth rate of 5.6 percent between 2002 and 2016 (TurkStat)
- Promising economy with a bright future as it is expected to become one of the fastest growing economies among the OECD members during 2017-2020 with an average annual real GDP growth rate of 5.4 percent (OECD)
- 13th largest economy in the world and 5th largest economy compared with the EU in 2016 (GDP at PPP, IMF WEO)
- Institutionalized economy fueled by USD 145 billion of FDI in the last decade (CBRT)

A dynamic and mature private sector with USD 143 billion worth of exports and an increase of 300 percent between 2002 and 2016 (TurkStat)

2. Population;

A population of 79.8 million (2016, TurkStat)

- Largest youth population compared with the EU (Eurostat)
- Half the population under the age of 31 (2016, TurkStat)

Young, dynamic, well-educated and multi-cultural population

3. Qualified and Competitive Labor Force:

Over 30.5 million young, well-educated and motivated professionals (2016, TurkStat)

- Increasing labor productivity
- Approximately 800,000 students graduate annually from over 183 universities (2016, CoHE)



- More than 950,000 high school graduates with around half from vocational and technical high schools (2016, Ministry of National Education)

4. Liberal and Reformist Investment Climate:

- The 2nd biggest reformer among OECD countries in terms of its restrictions on FDI since 1997 (OECD FDI Regulatory Restrictiveness Index 1997-2016)
- Business-friendly environment with an average of 6.5 days to set up a company (World Bank Doing Business Report 2017)
- Highly competitive investment conditions
- Strong industrial and service culture
- Equal treatment for all investors
- Around 52,700 companies with international capital in 2016 (Ministry of Economy)
- International arbitration
- Guarantee of transfers

5. Infrastructure:

- New and highly-developed technological infrastructure in transportation, telecommunications and energy
- Well-developed and low-cost sea transport facilities
- Railway transport advantage to Central and Eastern Europe
- Well-established transportation routes and direct delivery mechanism to most of the EU countries

6. Centrally Located:

- A natural bridge between both East-West and North-South axes, thus creating an efficient and cost-effective outlet to major markets



- Easy access to 1.6 billion customers in Europe, Eurasia, the Middle East and North Africa
- Access to multiple markets worth USD 24 trillion of GDP

7. Energy Corridor and Terminal of Europe:

- An important energy terminal and corridor in Europe connecting the East and the West Located at a close proximity of more than 70 percent of the world's proven primary energy reserves, while the largest energy consumer, which is Europe, is located right to the west of Turkey, thus making the country a linchpin in energy transit and an energy terminal in the region

8. Low Taxes & Incentives:

Corporate Income Tax reduced from 33 percent to 20 percent

- Tax benefits and incentives in Technology Development Zones, Industrial Zones and Free Zones, including total or partial exemption from Corporate Income Tax, a grant on employer's social security share, as well as land allocation
- R&D and Innovation Support Law
- Incentives for strategic investments, large-scale investments and regional investments

9. Customs Union with the EU since 1996:

- Customs Union with the EU since 1996 and Free Trade Agreements (FTA) with 27 countries (Ministry of Economy)
- More FTAs underway
- Accession negotiations with the EU

10. Large Domestic Market:

- 62.2 million Broadband internet subscribers in 2016, up from 0.1

million in 2002 (ICTA, TurkStat)

- 75.1 million mobile phone subscribers in 2016, up from 23 million in 2002 (TurkStat)
- 58.8 million credit card users in 2016, up from 16 million in 2002 (The Interbank Card Center of Turkey)
- 181 million airline passengers in 2015, up from 33 million in 2002 (TurkStat)
- 25.3 million International tourist arrivals in 2016, up from 13 million in 2002 (TurkStat)

Turkish incentives for foreign investment

Turkey has been revitalizing its liberal economic policy since the 1980s. In this regard, the private sector enters into key sectors that benefit from the economy and the role of the state becomes diminishing in the development of infrastructure and public services. The goal of the new economic policy is to reduce unemployment in the society, transfer the technologies, privatize state-owned enterprises, eliminate the deficit of payments and increase economic convergence with the global economy in order to attract foreign capital to the country. Turkey also uses the option of financial incentives to direct domestic and foreign investment for industrial development and the convergence of urban and rural living conditions.

These incentives, especially tax incentives, are available to private sector investors, depending on the amount and scope of investment, aimed at encouraging exports, enhancing technology, increasing competitiveness, creating employment, sustaining investment, and supporting development programs.

In general, Turkey's attitude towards foreign trade and investment is a liberal and free approach, and any kind of business, from the establishment of the factory and the industrial, commercial, and tourism activities, will be permitted to operate if the ruling discipline and regulations are respected, and the taxes are duly paid.



Existing opportunities to strengthen ECO relations with Turkey as an active member of this organization

- The existence of long-term commercial and economic relations between these countries,
- Possibility of modeling the success of Turkey in recent years in the development of commerce and some service industries such as tourism and textile, etc.
- Strengthening and promoting the ECO trade relations with Turkey,
- Relative proximity of these countries and easy land transit,
- The potential mineral and agricultural , industrial sectors of this country,
- The willingness of these countries to trade with Turkey,
- Proximity in Cultural and consumer tastes terms.

Strong points in relations between ECO and Turkey

- Special attention of member states to the expansion of non-oil exports,
- Religious, ethnic, cultural and social affiliations,
- Free and special commercial zones in this area,
- Border markets and industrial settlements,
- Strong tourism potential among the country,
- The increasing growth of trade between these countries with Turkey over the past years
- Railways between these countries,
- Possibilities and capacities for the production of crude oil, copper and plastic materials, and land vehicles and chemical products required by the Turkish market,
- The possibility of transferring some technologies among these countries.

Proposed solutions for the development of ECO-Turkey relations

- Using the export capabilities of the ECO region to export Turkish products (this discussion has been studied in this research),
- Efforts to increase the market share of eco-friendly products by considering commercial-friendly relationships,
- Executing existing agreements in the ECO region,
- Strengthen road and rail lines between these countries to increase bilateral trade,
- Development of standard transit roads within the region,
- Increasing the advertising of ECO goods in the mass media, in particular the Turkish TV and press,
- Strengthening the private sector in order to set up the ECO Trade Center in Turkey,
- Organizing specialized exhibitions of ECO goods in Turkey to enhance the positive look of Iranian goods,
- Identification of domestic marketable goods required by the Turkish market to expand the market and diversify Iran's export products,
- An attempt to supply quality products to the Turkish market in order to strengthen the position and share of the ECO goods market in light of the growing demand for food in this country,
- Strengthening the relationship between banks and financial institutions of these countries
- Conduct business opportunity conferences in ECO countries,
- Expansion of bilateral and multilateral cooperation among ECO member countries in the field of investment and development of Joint financial means for joint ventures.
- Expanding and improving the level of cooperation between the two chambers of commerce,
- Providing facilities to ECO merchants to attend market and exhibitions in Turkey,



- Concluding a Memorandum of Understanding in appropriate commercial and industrial fields for joint ventures,
- Eliminating tariff and non-tariff barriers to trade between these countries,
- Holding public and non-public exhibitions in trade between these countries,
- Strengthening and continuous presence of representatives of the private sector in specialized working groups,
- Development of border customs,
- Use of Turkish side's experiences in the construction and maintenance of hotel accommodation in ECO countries, as well as the introduction of modern packaging and marketing products.

Conclusion

Today, regional cooperation and regional integration as a small experience of economic liberalization are on the agenda of many governments, the Economic Co-operation Organization (ECO), which, in terms of economic potential and rich resources, is the most important co-operation organization in the region is considered.

In the meantime, the ECO foreign trade sector is of key importance and can play a decisive role in determining the overall direction and overall economic development of the region.

In line with the promotion of intra-regional ECO trade, in this study, while examining the major import items of Turkey as a member of the ECO, it was concluded that at least if the top 20 imported Turkish goods referred to in this paper, instead of importing from outside the ECO region, considering the potential in the ECO region, come from other eco-countries, Turkey's trade volume with the ECO region will grow at around \$ 4 billion. This increase in the volume of intra-regional trade in Turkey could lead to an increase in the volume of intra-regional trade in ECO from the total trade of this region. In this regard, it is recommended that the Turkish Chamber of Commerce, with the establishment of the state authorities, help achieve these goals.



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