



China's Investments, Commercial and Economic Presence, and Political Influence in Türkiye

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Abstract

This article analyses China's increasing economic and political influence in Türkiye, highlighting the historical and contemporary dimensions of their relationship. Historically linked through the Silk Road, the partnership has intensified with China's rise as a global economic power and Türkiye's strategic role in the Belt and Road Initiative (BRI). The study examines China's investments in Türkiye's critical sectors—such as infrastructure, technology, and energy—and evaluates their effects on bilateral trade and political dynamics. By addressing the opportunities and challenges posed by this growing influence, the paper provides insights into Türkiye's evolving economic and policy landscape within the context of China's global strategy.

Key Words: China-Türkiye relations, Belt and Road Initiative, foreign direct investment, trade, geopolitics

Introduction

The relationship between China and Türkiye is anchored in a rich historical context, with both nations historically serving as significant participants along the Silk Road. This ancient trade route not only facilitated the exchange of commodities but also fostered cultural interactions that shaped the identities of both civilizations. In recent decades, the dynamics of this relationship have evolved dramatically, characterized by a strategic focus on enhancing economic and political cooperation.¹

In the contemporary geopolitical landscape, China's expanding influence in Türkiye signifies a multifaceted interplay of opportunities and challenges. As Türkiye diversifies its economic partnerships and seeks to strengthen its position in the global arena, the burgeoning Sino-Turkish relationship emerges as a pivotal factor influencing Türkiye's foreign policy and economic strategies. This report analyses the mechanisms through which China has augmented its commercial and political presence in Türkiye, focusing on investments in critical sectors, such as energy, infrastructure, and technology, as well as the implications for bilateral trade relations.

Central to this analysis is the Belt and Road Initiative (BRI), a flagship policy of the Chinese government that has fundamentally reshaped its foreign economic relations. Türkiye is recognized as a crucial partner within this ambitious project, leveraging its unique position as a bridge connecting Europe and Asia.² This geographical significance enhances Türkiye's economic prospects and facilitates increased connectivity and collaboration in vital areas, such as infrastructure development and energy security. Thus, Türkiye's role within the BRI solidifies its importance in China's global economic ambitions.

Furthermore, China's rise as an economic superpower over the past few decades amplifies the significance of this partnership. With a GDP of approximately \$17.89 trillion USD, China stands as the world's second-largest economy, playing a pivotal role in global trade.³ This growth, driven by domestic reforms and industrialization, is complemented by an assertive approach to foreign investment, particularly in critical infrastructure and technology sectors. By engaging with Türkiye, China not only expands its economic influence but also fosters mutual development opportunities, enhancing both nations' prospects in an increasingly interconnected global landscape.

The implications of China's investments in Türkiye will be further explained, focusing on key areas such as investment mechanisms, the impact of the BRI, and the political ramifications of this partnership. Additionally, associated challenges and opportunities arising from this evolving relationship will be discussed. Through this comprehensive analysis, the aim is to provide a wide understanding of the geopolitical and economic consequences of the Sino-Turkish partnership and its significance in the context of contemporary international relations.

Chinese Investments in Türkiye

Chinese investments in Türkiye have been diversified and spread across a wide array of sectors viewed as imperative for the country's economic infrastructure and, therefore, for its long-term development goals. Specifically, China has been developing a keen interest in Türkiye's

¹ Öniş, Ziya, and Maimaiti Yalikun. "Emerging partnership in a post-Western world? The political economy of China-Turkey relations." *Southeast European and Black Sea Studies* 21, no. 4 (2021): 507-529.

² Gnerre, M. Orazio. "Political and Economic Relations between the People's Republic of China and Turkey." *Journal of Politics and Development* 13, no. 1 (2023): 40-50.

³ World Bank. "GDP (current US\$) - China." Accessed October 28, 2024. Available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN&most_recent_year_desc=true.

energy infrastructure, finance, and technology sectors.⁴ In the first sector, energy, China has been rather active. For example, China's AVIC International and Türkiye's Hattat Holding have inked a 1.5 billion USD (10 billion yuan) deal for the building of a coal-fired power plant in the Amasra region.⁵ There is also the The Hunutlu coal-fired power station situated in southern Türkiye, in the city of Adana; Avic-International Project Engineering Company, Shanghai Electric Power Co Ltd, four unidentified Türkiye businessmen, and Emba Elektrik Üretim AŞ are the partners in this Türkiye-Chinese joint company that serves as the funder; Shanghai Electric Power owns 50.01% of the shares, AVIC-International holds 2.99%, and the remaining 47% are held by Türkiye's investors.⁶ As illustrated in Figure 1, Türkiye ranks fourth among BRI-partner countries in installed capacity for coal-fired power projects (MW), highlighting the growing importance of China's investments in Türkiye's energy landscape. Another example of Sino-Turkish energy cooperation, is the China National Petroleum Corporation (CNPC), which is actively seeking to engage, particularly, in oil and gas exploration. CNPC's investments in Türkiye support the country's diversification efforts and also provide critical support to its growing energy needs.

Interest in renewable energy projects is present too. Among the eight multinational consortia that participated in a tender held by Türkiye's Ministry of Energy and Natural Resources for a one-gigawatt wind project were the Chinese wind power companies MingYang and Goldwind. With both countries aiming to reduce their carbon footprint and enhance energy security, Chinese firms are looking to invest in electricity production through wind, solar, and hydroelectric power generation. These areas align with Türkiye's vision of becoming a regional energy hub, wherein Chinese investments would help position Türkiye as a significant player in this context.

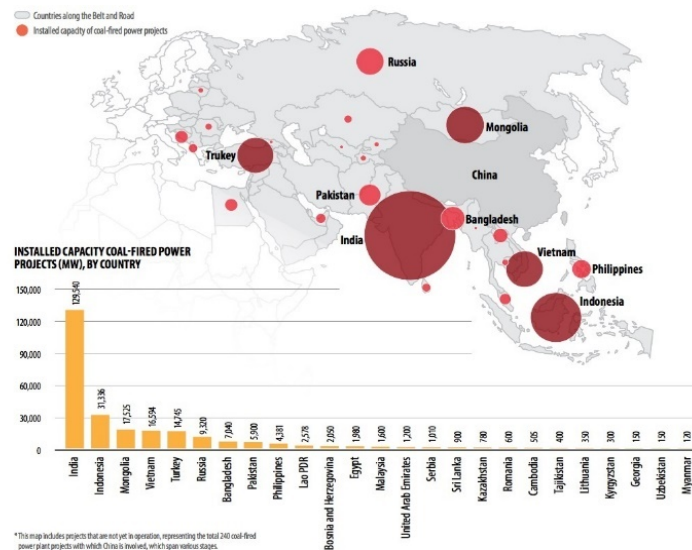


Figure 1: Coal-fired power plant projects with Chinese involvement in BRI-partner countries (Source: Cem Gündoğan 2017)

⁴ Gürel, Burak, and Mina Kozluca. 2022. “Chinese Investment in Turkey: The Belt and Road Initiative, Rising Expectations, and Ground Realities.” *European Review* 30 (6): 806–834.

⁵ Turhan, Ethemcan. 2017. “China’s Role in Turkey’s Energy Future.” *Dialogue Earth*, September 26, 2017. <https://dialogue.earth/en/business/10047-china-s-role-in-turkey-s-energy-future/>.

⁶ *Ibid*

Furthermore, Chinese companies have been involved in other technology sectors. Huawei, one of the largest telecommunications companies in the world, is increasingly a big player in Türkiye; it invested in technology parks and R&D centers, contributing to the innovation ecosystem of the country.⁷ For instance, The Innovation Center, was created on-site at Huawei Türkiye's Ümraniye-based office in Istanbul. Covering around 400 square meters, The Innovation Center received Huawei's USD \$1 million investment. Currently, Huawei Türkiye employs 1,500 people, with about 85% of these workers being Turkish.⁸ What is more, with the presence of Huawei in Türkiye there can be advanced technology transfer in terms of 5G infrastructure, which is essential for the country's digital transformation.

In terms of other infrastructure, there are several significant engagements. One involves COSCO Shipping, another large Chinese SOE, which made huge investments in port infrastructure in Türkiye.⁹ Another involves the acquisition of a stake in Kumport Terminal, one of the largest container terminals in Türkiye, by a consortium of Chinese companies in 2016. This not only reflects the growing economic ties between China and Türkiye, but significantly strengthens China's strategic position along the BRI route and cements Türkiye's role as an important gateway in global maritime trade.¹⁰ Moreover, one of the hallmark projects supported by Chinese investment is Marmaray—a tunnel under the Bosphorus that connects the European and Asian sides of Istanbul.¹¹ Interest has also been shown by China in the Canal Istanbul project—a mega infrastructure undertaking meant for building an alternate shipping route to the Bosphorus Strait that would eventually multiply the maritime trade capacity of Türkiye. A \$688 million USD deal to purchase a majority share in the third bridge over the Bosphorus and its related highways involving China Merchants Group alongside additional partners was close. However, the epidemic, reportedly, disrupted the agreement. Still, stakeholders reopened negotiations, with banks such as China Merchants Bank, Bank of China, and Industrial and Commercial Bank of China refinancing \$1.6 billion of the initial loan to the bridge operator.¹²

Chinese investments have thus played an increasing role in the economic development of Türkiye. Chinese firms have contributed to job creation in sectors like energy, infrastructure, and technology. Foreign direct investment (FDI) from China has also helped spur economic growth in the country, especially at a regional level where these large projects are located.¹³ Chinese FDI in Türkiye reached \$1.7 billion USD in 2022, marking a 232.58% increase from the previous year, when it was just \$522 million USD (the 2021 total). This represents a remarkable recovery and growth after a decline in 2021, which saw a decrease of 42.45% from 2020 levels. The rise in 2022 follows a dramatic surge in 2020, with an increase of 1,260.93% compared to 2019. The overall

⁷ Kutlay, Mustafa, and Ziya Öniş. 2021. "Turkish Foreign Policy in a Post-Western Order: Strategic Autonomy or New Forms of Dependence?" *International Affairs* 97 (4): 1085–1104.

⁸ "Huawei - Success Stories." *Presidency of the Republic of Türkiye Investment Office*. <https://www.invest.gov.tr/en/whyturkey/successstories/pages/Huawei.aspx>.

⁹ Eliküçük Yıldırım, Nilgün. 2021. "Rigid Boundaries Between Turkey and China: Is Political Mobility Possible?" *Turkish Studies* 22 (1): 28–48.

¹⁰ "COSCO Pacific Buys Turkish Kumport." *Invest in Turkey*, September 28, 2015.

<https://www.invest.gov.tr/en/news/news-from-turkey/pages/280915-cosco-pacific-buys-turkish-kumport.aspx>.

¹¹ *Ibid*

¹² Tavşan, Sinan. 2021. "Eyeing Chinese Investment, Turkey Kicks Off Canal Istanbul Project." *Nikkei Asia*, June 28, 2021. <https://asia.nikkei.com/Politics/International-relations/Eyeing-Chinese-investment-Turkey-kicks-off-Canal-Istanbul-project>.

¹³ Yagci, Mustafa. "The Turkish Variety of State-Permeated Capitalism and Mutually Dependent State-Business Relations." *Journal of Contemporary Asia* 51, no. 5 (2021): 759–781.

FDI flow has been fluctuating, with the largest drop observed between 2018 and 2019, where FDI fell by 91.85%.¹⁴ Other advantages of such investments include the employment needed to maintain them, thus helping local economies, giving real jobs to key industries, and therefore reducing unemployment.¹⁵ A case to further underscore these points is China's largest manufacturer of electric cars, BYD, which declared on July 8, 2024, that it will invest \$1 billion USD in an additional manufacturing facility in Türkiye to build 150,000 hybrid and electric vehicles annually. The facility, which would employ 5,000 people, is scheduled to open in the western Türkiye province of Manisa by 2026.

Alongside the aforementioned, an additional significant advantage of investments from China is the transfer of technology. Alparslan Bayraktar, Türkiye's energy minister, traveled to Beijing in May, 2024, to talk about mining and minerals, as well as nuclear and renewable energy. A memorandum of understanding on energy cooperation was also signed by the two parties, which is particularly crucial since Türkiye wants China to help build its third nuclear power plant.¹⁶ Through the means of technology and infrastructure projects, partnerships have opened up the opportunity for Türkiye to access the newest technologies instrumental to modernizing its economy. Moreover, the development of critical infrastructure, such as transport networks and energy grids, improves economic competitiveness further in the global arena. Table 1 shows the growth of Chinese investment in Türkiye.

Table 1: Chinese Capital Investment in Sino-Turkish Joint Ventures from 2011 to 2020

Year	Number of firms	Total amount of capital in joint ventures (USD)	Amount of Chinese capital in joint ventures (USD)	Percentage of Chinese ownership (%)
2011	49	\$8.428.186,27	\$5.844.395,22	69
2012	47	\$6.358.491,09	\$4.032.850,78	63
2013	73	\$58.009.453,78	\$56.059.453,78	97
2014	89	\$70.455.002,28	\$67.960.027,41	96
2015	84	\$19.207.720,59	\$14.617.211,40	76
2016	72	\$5.710.264,90	\$4.462.225,17	78
2017	54	\$3.562.369,79	\$3.073.252,47	86
2018	87	\$11.135.874,07	\$8.509.918,19	76
2019	115	\$14.010.398,31	\$11.272.188,93	80
2020	75	\$7.852.924,63	\$6.119.417,89	77
Total	745	\$204.730.685,72	\$181.950.941,23	80

(Source: Gürel, Burak, and Mina Kozluca 2022)

¹⁴ Ministry of Commerce of the People's Republic of China. *Guide for Foreign Investment and Cooperation - Turkey (2023 Edition)*. Beijing: Ministry of Commerce, 2023.

<https://www.mofcom.gov.cn/dl/gbdqzn/upload/tuerqi.pdf>.

¹⁵ "Real jobs" denotes stable, long-term positions that contribute to local economic growth.

¹⁶ Avdaliani, Emil. 2024. "Turkey and China Seek Rapprochement, Though It Will Be Limited in Scope." *Stimson*, July 12, 2024. <https://www.stimson.org/2024/turkey-and-china-seek-rapprochement-though-it-will-be-limited-in-scope/#:~:in=202022%20Chinese%20foreign%20direct,than%20European%20investment%20in%20Turkey>.

Commercial and Economic Presence

Over the past two decades, China's commercial and economic involvement in Türkiye has significantly increased, as bilateral trade has grown rapidly, making China one of Türkiye's largest trading partners. In 2023, the trade volume between the two reached about \$35 billion USD. Türkiye imports products from China that include electronics, machinery, textiles, and chemicals; in contrast, it exports only raw materials to the Asian country, mainly consisting of minerals, metals, and agricultural goods.¹⁷

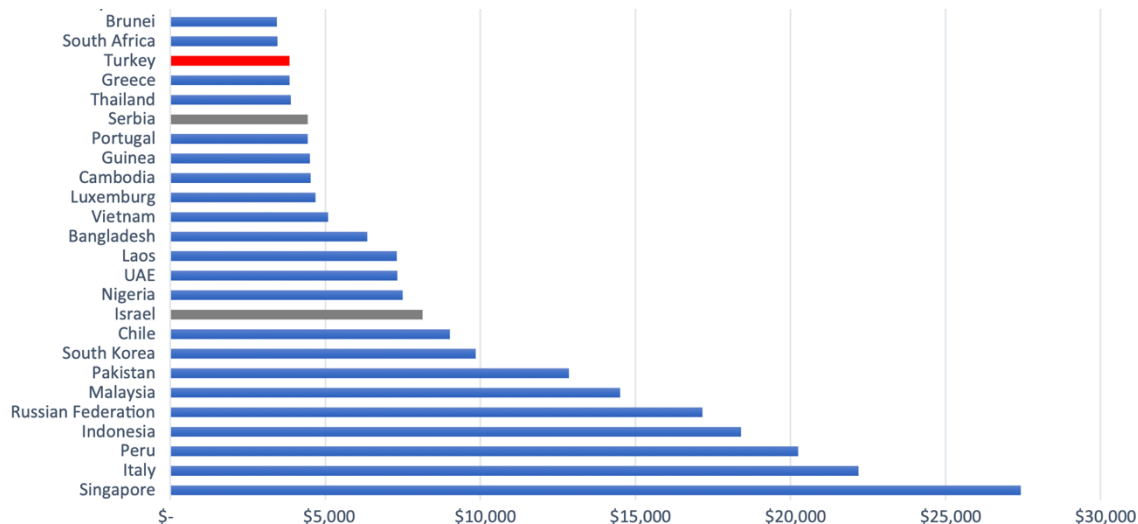


Figure 2: Country distribution of total Chinese investments over 100 million USD, 2013–2020 (Source: Gürel and Kozluca 2022)

The relationship is strongly one-sided, with huge trade deficits from the side of Türkiye. For example, in 2021, Türkiye imported much more than it sold to China as shown in Figure 3. This trade deficit remains a concern for Türkiye, which has been looking at ways to diversify exports, decrease dependence on raw material exports, and further increase higher value-added goods—such as parts of the automotive and chemical industries, and processed food products—to further balance the situation and win more of China's growing consumer market.¹⁸ Both sides have engaged in various activities aimed at lowering trade barriers to facilitate trade. For example, the Silk Road Economic Belt Agreement promotes the efficiency of logistics through investments in transportation infrastructure and facilitation of trade.

Chinese economic influence extends to the financial sector, in which Chinese banks and other financial institutions play a necessary role in financing of mega-projects. The Industrial and Commercial Bank of China (ICBC) and Bank of China are major banks based in China, with a strong presence in Türkiye, providing billions of dollars in loans and financing of big infrastructure and energy projects. To illustrate this point, ICBC, which began operations in May 2015 by purchasing the majority of shares in a local bank, offered a \$3.6 billion USD loan package to

¹⁷ Kaya, Ayse, Christopher Kilby, and Jonathan Kay. 2021. “Asian Infrastructure Investment Bank as an Instrument for Chinese Influence? Supplementary versus Remedial Multilateralism.” *World Development* 145: 105531.

¹⁸ *Ibid*

Türkiye's energy and transportation sectors.¹⁹ Moreover, these very banks have also provided the related trade financing which has helped conduct such bilateral transactions and further integrated the two countries.

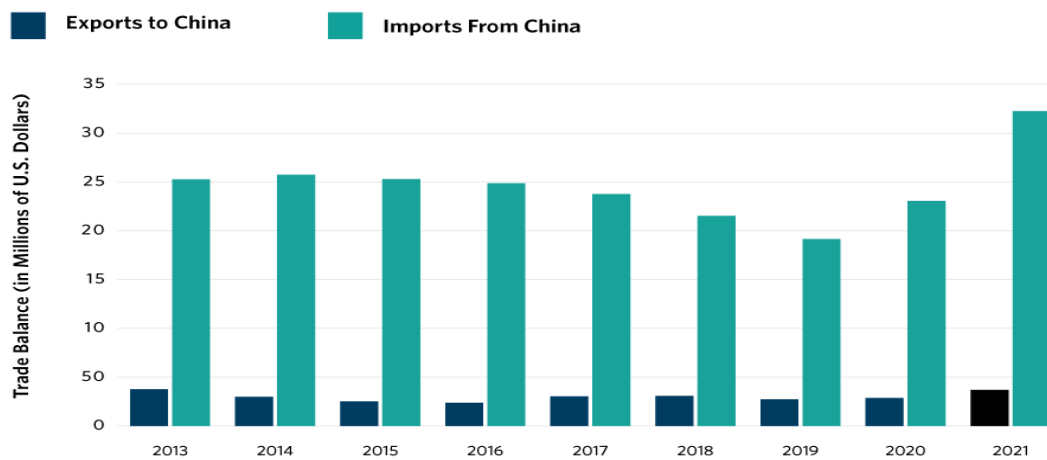


Figure 3: China-Türkiye Trade Balance
(Source: Gürel, Burak, and Mina Kozluca 2023)

In addition, the currency swap agreements have been a significant financial tool to support bilateral trade. For example, in June 2019, President Recep Tayyip Erdoğan was able to avert an economic disaster right before an election because of a \$1 billion transfer from the Chinese central bank to Türkiye. In June 2021, Erdoğan announced that China and Türkiye had decided to raise the swap agreement's volume from \$2.4 billion to \$6 billion.²⁰ China views this swap deal as a crucial part of the BRI, aiming to achieve financial integration and promote closer coordination between the two nations' monetary policies. These agreements reflect efforts to lessen dependency on the US dollar, facilitating trade in local currencies—the Turkish lira and the Chinese yuan. As of now 1,148 Chinese-owned companies have operations in Türkiye, with a cumulative investment worth significantly more than \$1 billion USD.²¹

What is more, in June 2024, Hakan Fidan, the foreign affairs minister of Türkiye, travelled to China to finalize a new bilateral agreement, referring to the two nations as “drivers of Asian wealth.”²² In this meeting, it was expressed that China is willing to continue multi-level exchanges with Türkiye and promote the effective harmonization of the BRI and Türkiye's Middle Corridor Plan.²³ It was also stated that the areas of cooperation between the two countries should be

¹⁹ "Chinese bank to loan \$3.6 billion to Turkey," *Anadolu Agency*, July 07, 2018, <https://www.aa.com.tr/en/energy/investments/chinese-bank-to-loan-36-billion-to-turkey/21019>.

²⁰ Güreler, Cüneyt. 2022. “Economic Needs and Global Desires.” *Concordiam*, November 17, 2022. <https://perconcordiam.com/turkey-china-relations/>.

²¹ Kozluca, Mina. 2022. “Chinese Investment in Turkey: The Belt and Road Initiative, Rising Expectations and Ground Realities.” *European Review* 30 (6): 806–834. <https://doi.org/10.1017/S1062798721000296>.

²² “Turkey Puts Its Best Foot Forward to Charm Chinese Investors.” *France 24*, July 13, 2024. <https://www.france24.com/en/live-news/20240713-turkey-puts-its-best-foot-forward-to-charm-chinese-investors>.

²³ Middle Corridor Plan: Also known as the Trans-Caspian East-West-Middle Corridor Initiative, it is Turkey's strategic initiative to establish a transportation corridor from Turkey to China, passing through the Caucasus region, Central Asia, and the Caspian Sea.

expanded and the cooperation potential should be evaluated. China has stated that it will make efforts to increase imports of high-quality agricultural products from Türkiye, continuously improve the level of cooperation and technological content of the two countries' enterprises, and strengthen cooperation in areas such as culture, education, tourism, and aviation. Türkiye aims to achieve more concrete results in areas such as trade, investment, finance, agriculture, tourism and education by actively contributing to this cooperation.

However, the current trade dynamics reveal structural challenges beneath these diplomatic aspirations. In the first four months of 2024, Türkiye's trade deficit with China reached \$12.93 billion, with exports of merely \$1.05 billion against imports of \$13.98 billion USD, underscoring the need for a more balanced economic engagement.²⁴ While China's commitment to increase agricultural imports from Türkiye is welcome, the trade data, as mentioned earlier, shows a deeper imbalance: Türkiye's exports remain concentrated in lower value-added sectors, with mineral products (53.40%), chemical products (12.35%), and textiles (6.98%) dominating its export basket. Meanwhile, Türkiye heavily depends on Chinese machinery and electrical equipment (49.51% of imports), highlighting a technological gap that needs addressing. The diplomatic rhetoric of “drivers of Asian wealth” and the alignment of the Middle Corridor Plan with the BRI presents opportunities, but Türkiye needs to leverage these frameworks more strategically. Specifically, the promised “improvement in technological content” between enterprises should focus on more concrete technology transfer agreements, joint R&D initiatives, and industrial upgrading programs that could help Türkiye develop more sophisticated export capabilities. This would enable Türkiye to transition from being primarily a transit hub and market for Chinese goods to becoming a true strategic partner in Asia's economic architecture.²⁵

As such, deepening commercial and economic relations will have important consequences in the future. While Türkiye seeks diversification of its export base and reduction of its trade deficit with China, exploration of more opportunities for both countries' collaboration in such industries as technology, automotive manufacturing, and financial services should be welcomed in the future.²⁶ While the BRI is viewed as a much more important long-term driver of economic activity—through sustained Chinese investments in infrastructure and energy projects in Türkiye—it is also clear that it will play a decisive role in shaping the long-term trajectory of Türkiye's economy. As a critical node in this initiative, Türkiye's economic future is inextricably linked to the success of Chinese investments, ensuring that the country will play a pivotal role in global trade and infrastructure networks for years to come (See Figure 4).

Political Influence

The surging economic stakes in Türkiye go inseparably with an increasing political impact on China, notably in terms of the conditions under the Belt and Road Initiative. With continuous massive investments in Türkiye's infrastructure, energy, and technology sectors, the political relations between the two countries have increased, bringing both nations closer to each other in diplomacy, strategic cooperation, and strategic issues. It is this partnership forged between China and Türkiye over time, based on such mutual interests, that has allowed both nations to view their

²⁴ Sinoimex. 2024. “2024年4月土耳其和中国双边贸易概况.” Retrieved November 14, 2024.

²⁵ To clarify, technology Transfer Agreements refer to formal arrangements between countries or companies for sharing technical knowledge, know-how, and sophisticated manufacturing capabilities, often including training, licensing, and joint research projects.

²⁶ Rogelja, Igor, and Konstantinos Tsimonis. 2020. “Narrating the China Threat: Securitising Chinese Economic Presence in Europe.” *The Chinese Journal of International Politics* 13 (1): 103–133.

relationship as a means of enhancing their influence on global issues. Türkiye plays a very important role as a bridge between Europe, Asia, and the Middle East in the implementation of the BRI.²⁷ This geopolitical position makes Türkiye a centrepiece of Chinese investments in infrastructure projects related to railways, bridges, and ports concerning the long-term trade and connectivity goals of China as shown in Figure 4.



Figure 4: Geopolitical Position of the Silk Road
(Source: Insight Turkey 2021)

The influence of China over Türkiye can be assessed through international organizations where both countries cooperate, such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB). Although not a full member, Türkiye holds dialogue partner status and has shown interest in closer ties with the SCO, which is led by China and Russia. Türkiye's participation in SCO meetings and its dialogue status suggest alignment with some of the organization's security and anti-terrorism goals, which align with China's agenda to counterbalance Western influence in Eurasia. In the case of the AIIB, which is principally funded by China, Türkiye's decided to join in 2015 and through it has secured financing for major infrastructure projects essential for the country's economic development. For example, in 2020 the AIIB provided a \$300 million loan to Türkiye to support the country's renewable energy initiatives and energy efficiency improvements.²⁸ This demonstrates how China has impacted Türkiye's infrastructure development strategies and deepen economic ties by providing alternatives to

²⁷ Yılmaz, Gözde, and Nilgün Eliküçük Yıldırım. 2020. "Authoritarian Diffusion or Cooperation? Turkey's Emerging Engagement with China." *Democratization* 27 (7): 1202–1220.

²⁸ Asian Infrastructure Investment Bank. 2020. "AIIB Approves \$300 Million Loan to Boost Renewable Energy, Energy Efficiency in Turkey," June 30, 2020. <https://www.aiib.org/en/news-events/news/2020/AIIB-Approves-300-Million-Loan-to-Boost-Renewable-Energy-Energy-Efficiency-in-Turkey.html>.

Western financial institutions. Türkiye's participation in these organizations has then increased as China has provided vital financing and support.

However, Türkiye's political relationship with the West, particularly the United States and European Union, adds complexity to its engagement with China. As a NATO member and EU candidate, Türkiye must balance its traditional Western alliances with strategic and economic interests in China. This balancing act is evident in Türkiye's 2019 decision to procure the Russian S-400 missile defense system. This move led to U.S. sanctions under the Countering America's Adversaries Through Sanctions Act (CAATSA), underscoring the tensions between Türkiye's NATO commitments and its pursuit of ties with Russia, a key Chinese ally.²⁹ The S-400 incident exemplified Türkiye's delicate position as it navigates obligations to the West while deepening cooperation with China, an increasingly influential global power.

As Türkiye's economic and political ties with China grow, it faces the challenge of managing this relationship alongside its traditional alliances. The balancing act between maintaining ties with both the West and China becomes more complex with Türkiye's political instability, driven by domestic economic challenges and regional security concerns. These factors could potentially deter Chinese investments, as China is cautious about investing in politically volatile environments. Thus, while the partnership with China presents significant opportunities, it is also vulnerable to the risks stemming from Türkiye's internal and external challenges.

Conclusion and Recommendations

The growing economic and geopolitical ties between China and Türkiye present substantial opportunities for both nations, with foreign direct investment (FDI) serving as a key driver of this expanding partnership. China's investments in Türkiye have been particularly robust in sectors such as energy, technology, and infrastructure. Chinese companies are involved in critical projects, including energy plants, connectivity, and transportation hubs, which reinforce Türkiye's strategic position as a key player in regional trade networks. The surge in FDI reflects a deepening economic relationship that is contributing to Türkiye's development while also aligning with China's broader regional ambitions.

The energy sector plays a pivotal role in the evolving partnership between China and Türkiye. China's involvement in projects such as the AVIC coal-fired power plant is complemented by a shared focus on sustainable energy solutions. Both countries are exploring avenues for renewable energy cooperation, with a growing emphasis on clean energy initiatives that align with global sustainability goals. As the demand for eco-friendly energy solutions grows, this collaboration could drive economic growth for both nations while advancing a greener future. Nuclear energy lies at the heart of this plan, serving as a cornerstone of Türkiye and China's shared vision for sustainability. By prioritizing nuclear power, both countries aim to lead the clean energy transition, enhancing regional energy security and reinforcing their commitment to reducing carbon emissions.

Türkiye's technological infrastructure has also benefited significantly from Chinese investment. As mentioned before, major Chinese tech firms, including Huawei and ZTE, have made substantial contributions to Türkiye's telecommunications sector, particularly in the deployment of 5G networks.³⁰ These collaborations offers Türkiye the opportunity to enhance its

²⁹ U.S. Department of State. *The United States Sanctions Turkey Under CAATSA 231: Press Statement*. December 14, 2020. <https://2017-2021.state.gov/the-united-states-sanctions-turkey-under-caatsa-231/>.

³⁰ Turcsanyi, Richard, and Eva Kachlikova. 2020. "The BRI and China's Soft Power in Europe: Why Chinese Narratives (Initially) Won." *Journal of Current Chinese Affairs* 49 (1): 58–81.

capabilities in information technology, artificial intelligence (AI), and smart manufacturing, all of which are vital for modernizing its industrial base. Moreover, the potential for research and development (R&D) cooperation and technology transfer could lead to long-term advancements that strengthen Türkiye's position as a technology hub in the region.

Hence, as Chinese investment continues to grow in Türkiye, it is crucial for the country to foster a business environment that supports sustainable, long-term growth. At the same time ensuring that Chinese FDI complements Türkiye's broader economic goals—especially in technology and industrial diversification—will be essential for maintaining a resilient and competitive economy.

Trade and logistics are another cornerstone of the Sino-Turkish relationship. China has invested in Türkiye's port infrastructure, including the Kuport Terminal, a key gateway linking China to European markets. This strategic investment bolsters Türkiye's position as a logistical hub, facilitating trade between China and Europe while enhancing Türkiye's role in the global supply chain. For Türkiye, expanding exports to China—particularly in services such as tourism, logistics, and healthcare—offers promising opportunities for economic growth. Simplifying trade procedures, reducing tariffs, and improving customs efficiency will further enhance the competitiveness of Turkish goods in the Chinese market.

In the financial sector, Chinese banks, such as the Industrial and Commercial Bank of China (ICBC) and the Bank of China, have become key players in financing major infrastructure and energy projects in Türkiye. The expansion of currency swap agreements between the two countries—first initiated in 2012 and expanded to \$6 billion by 2021—has further deepened financial integration. These agreements provide a stable framework for trade and investment, reduce reliance on third-party currencies, and offer resilience against economic fluctuations.

Geopolitically, Türkiye's strategic location at the crossroads of Europe and Asia enhances its importance to China's regional objectives. Türkiye serves as a critical gateway for China to access European markets, significantly strengthening China's economic influence in the region.³¹ This geopolitical significance elevates Türkiye's role within the broader context of China's ambitions, particularly in Eurasia. At the same time, Türkiye must navigate the complex balance of its alliances, as it maintains relations with both Western powers and emerging global actors, including China. As both countries continue to enhance their cooperation, their partnership is likely to play an increasingly important role in shaping the geopolitical dynamics of the region and beyond.

In conclusion, the Sino-Turkish relationship is evolving across multiple sectors, with energy cooperation, technological exchange, infrastructure development, and trade serving as central pillars of this dynamic partnership.³² As both nations work to maximize the benefits of their collaboration, Türkiye must prioritize the diversification of its exports, the strengthening of its technological and industrial sectors, and the management of its economic dependence on China. In turn, China's continued investment in Türkiye's energy, technology, and infrastructure will be critical in deepening bilateral economic integration, paving the way for long-term mutual prosperity. This evolving partnership positions China and Türkiye as key players in the global

³¹ Pekcan, Cemre. "China-Turkey Relations: Conflicting or Colliding Interests?" *Institute for Security and Development Policy*, November 1, 2022. <https://www.isdp.eu/china-turkey-relations-conflicting-or-colliding-interests/>.

³² Öniş, Ziya. "Turkey Under the Challenge of State Capitalism: The Political Economy of the Late AKP Era." *Southeast European and Black Sea Studies* 19, no. 2 (2019): 201–225

economic and geopolitical landscape, with the potential to shape the economic order of the 21st century.

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