



Middle East Forum
FOR POLICIES AND FUTURE STUDIES

What is divided by politics,
could be re-united by economics.

Renewed Turkish-Emirati relations.

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In light of the global economic disruption and political confusion, I think that everyone agrees on the importance of reducing escalation in the region and to agree that all parties need platforms for dialogue and negotiations to bring the region into a calm environment through which the region can be stabilized. This is initially to correct previous mistakes, and open new pages whose titles are based on the public interest, growth, and prosperity at all social and economic levels. Also, such a reality could reform the political disputes that can be resolved through channels for understandings, and value-added of all parties.

It is not a matter of dispute the importance of the UAE in its region, its effective role at the regional and global levels, the advancement of the Emirati internal economy, which is reflected in the UAE's global reputation to become a center for gathering international companies and an economic attraction (it has attracted direct investment with more than \$19 billion in 2020) to become a leading state in the fields of advanced economy based on technology and basic sectors. Moreover, no one could deny the importance of Turkey at the regional and international levels as well.



Looking back at the history of the two countries' bilateral relations, precisely since the opening of the Turkish embassy in Abu Dhabi in 1979 and then the opening of the United Arab Emirates embassy in Ankara in 1983, no significant economic cooperation was recorded until 2002. In fact, the year of 2002 marked the date of establishing the Turkish-Emirati Business Council by the two countries, in addition to the agreement concluded between the Foreign Economic Relations Board of Türkiye (DEİK) on the one hand, the Abu Dhabi Chamber of Commerce and Industry, the Dubai Chamber of Commerce and Industry, and the Federation of Chambers of Commerce and Industry in the United Arab Emirates on the other.

The last actual meeting of this Council was also held in May 2017 in Dubai, which is the period before the highest peak of political tension between the two countries. I believe that the importance of the economic aspect in the global system always ensures warmth and security for interests and political relations that may be strained by competition or international pressures. This cannot be acknowledged by any of the international parties, nor regional one. It is well known that the most prominent commonalities of the Middle East region are that they are of a religious and Muslim nature. Relationships cannot remain without intentional harassment or fluctuations between the relations of countries there while securing Western and American interests in particular. Furthermore, in the event of an agreement between the two parties of clear added value on the international and regional arenas, such as the UAE and Turkey, it will somewhat constitute an abundance of Muslim peoples in one way or another. Here, I look forward to looking at the perspective of awareness and greater precision, since we cannot analyze events only.



Instead, we can figure out the reasons for its occurrence, because, in my opinion, the region, its states and its peoples get into consequences that they do not know the reasons for. By raising awareness and overcoming differences on all sides, we can move from the stage of results to the stage of causes to achieve a qualitative renaissance between governments and peoples that we desperately need in this difficult economically, politically, psychologically and socially. This is reflected positively on most of the peoples of the new Middle East region, which the Western powers excelled in formulating, in accordance with their strategy and interests only.



Emirati investments in Turkey



The importance of Turkish-Emirati economic cooperation is that each country has a unique economic model. This difference and diversity is what enhances the creation of economic opportunities between the two countries, and that the opportunity for investments between the two countries exists, especially after the recent rapprochement between them. Hence, we see that Turkey has an emerging economy that holds many opportunities and direct investment within it. In addition, the possibility of investment in Turkey is still available and strong in all fields, the most important of which is energy, various industries, technology and investment in food security and others. And because Turkey has the most important factors of the living economy, the most important of which is the labor force and investment opportunities in the modern economy. The UAE also possesses strength and experience in the fields of energy, gas, oil, minerals and others. This added to the abundance of financial liquidity, which will enable companies and individuals to invest in these areas with the beginning of the modern era of Turkey, i.e. after 2023.

Despite years of disagreements, the UAE had a large share of direct investment inside Turkey. The UAE is at the forefront of the Arab countries in terms of foreign direct investment in Turkey, after the volume of foreign investment reached more than \$165 billion from 2003 until the end of 2020. The Netherlands ranked as the highest foreign direct investment in Turkey, with nearly \$26 billion. As for the United Arab Emirates, it ranked first among the Arab countries, with direct investments in the Turkish economy worth approximately \$4.5 billion. Then comes Qatar and Saudi Arabia. It is worth noting the quality and diversity of UAE investments in Turkey, the most recent of which happened when Phoenix Scooter of the UAE announced the acquisition of Turkey's leading light mobility (electric scooter) company, BALM, for about \$5 million.



The Turkish investment also had a share in the UAE, and recently the investment for the Turkish Yashar Holding group of companies, which owns the (Pinar) brand, specialized in the manufacture of cheese and dairy products by direct investment in the UAE capital, Abu Dhabi through the construction of a factory for the manufacture of cheese with a value of \$30 million.

As for the volume of trade exchange, and according to the figures, there are very good and stable trade relations between the two countries. As the average volume of trade exchange between the two countries reached \$8 billion annually. According to a statement by the Turkish Ministry of Foreign Affairs, the trade volume between the two countries amounted to about \$7.4 billion in 2019, and about \$7.6 billion in 2018. A record number was recorded in 2017 of approximately \$14.8. These figures indicate the good relations between the two sides. Also, it is possible the relations to be developed with mechanisms that achieve growth, prosperity and sustainability and it could be in an economic performance similar to 2017, and excellent strategies in harmony with market changes and a positive return for the two governments and their peoples.

Thus, the United Arab Emirates ranks 12th as the largest importer of Turkish goods in the world, the second in the Arab world after Iraq, and the ninth largest exporter to the Turkish market, according to the Ministry of Trade in Ankara.

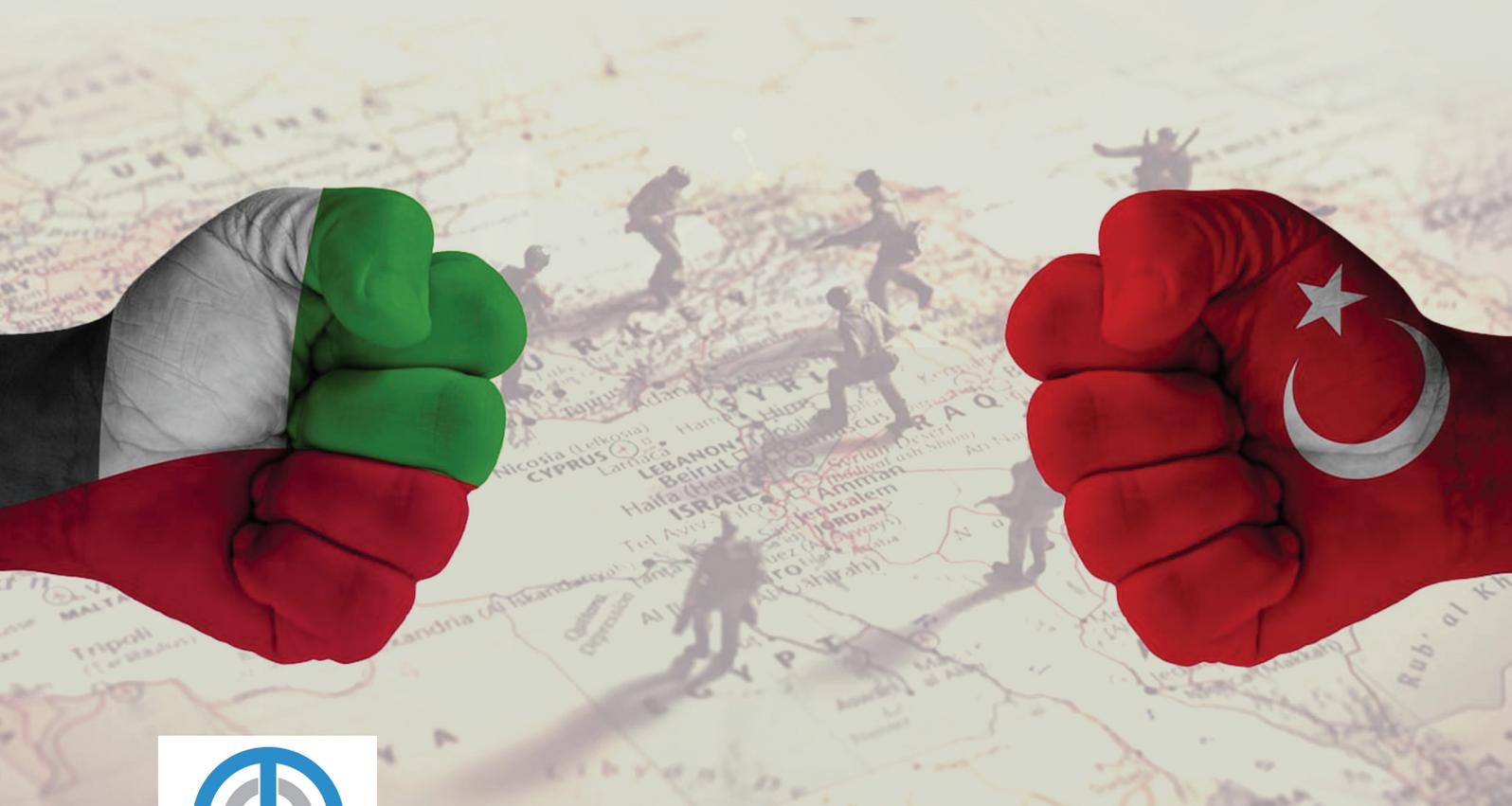


While the value of Turkish exports to the UAE amounted to \$3.5 billion in 2019. The value of Turkey's imports from the UAE in the same year reached \$4.33 billion. Turkish exports varied between minerals, precious stones, machinery, electrical appliances and foodstuffs, where Turkey is the seventh largest exporter in the food sector in the world, while the most important exports of the UAE to Turkey are oil, mineral oils, chemicals, iron, gold and aluminum.

With the fluctuations of markets and supply lines and problems of supply chains, countries always seek to find future solutions to avoid falling into risks that affect the interests of countries commercially and strategically. This is why Turkey and the UAE launched land transit corridor crossing Iran, and as the Turkish Foreign Minister mentioned (the region has become in need of cooperation more than competition), which expands the options of the two countries to facilitate, diversify, and better strategically employ transportation operations. The above considerations are added to expanding the space of negotiations and having a bigger table for negotiating and dialogue with the countries benefiting from the supply lines to overcome political files through economic interests. This agreement would reduce the shipping period between Turkey and the UAE to only seven days, after it was 21 days. I think that the commercial sector will have the greater share in order to prevent the



rise in shipping costs and the delivery period. Turkey will also benefit from using the Bandar Abbas port in Iran, where trucks with a TIR license will be transported from the Emirate of Sharjah to the Bandar Abbas port in Iran, and then travel by land to the Bazargan-Gorbulak border crossing between Iran and Turkey. (Edited) Restore original



This recent rapprochement between the UAE and Turkey has had a positive impact between Turkish business owners and the Turkish people, through the rise in the investment and consumption index in the Turkish economy by more than 1.7 percent directly after the signing of agreements between the two countries. In general, according to economics, the strategic reputation enhances confidence, which represents 20% of the value of any global economy. In addition, the UAE market is one of the markets that attracts Turkish investors in terms of long-term trade contracts agreements, industry sectors and their tools, as well as the medical and tourism services sector.

