

Gulf Research Center
Knowledge for All

Turkey - GCC Relations



April 2023

1. Key Domestic Developments

According to Turkey's Vision 2023, the overall goal is to create a Turkish economy of \$2 trillion with a per capita income of \$25,000 and, exports amounting to \$500 billion. Included in this effort are a number of mega projects such as the Istanbul canal project to help alleviate shipping traffic through the Bosphorus strait, the Eurasia tunnel project which is to connect the two continents with the tunnel highway under the sea, and a high-speed railway line project costing around \$6.5 billion.

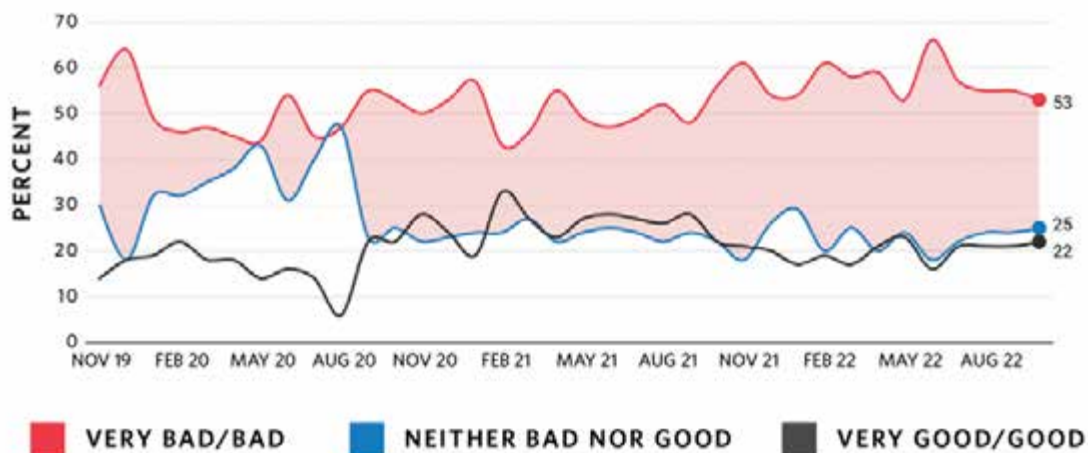
While Turkey did initially recover from the global financial crisis of 2008/09, recent economic data indicates growing challenges for the Turkey's economy. Much of the earlier achievements are now in jeopardy. National debt, for example, has continuously risen with the country forced to borrow \$1.85 billion in 2020 to cover current budgetary demands. Turkey has further entered a currency and debt crisis since 2018, with the lira

crashing and inflation reaching a 20-year high in February 2022 at over 50%. As a result, poverty rates have increased, and overall economic growth has stagnated.

In a period of geopolitical shocks and conflicts between Russia and the West, President Erdogan is most concerned about the impact on domestic politics given that presidential elections are scheduled for May 2023. Turkey's inflation rate peaked at 85 percent and declined to 64 percent in December, however, the rate remains high. With Turkey continuing to host 3.6 million Syrian refugees, the burden of accommodating so many refugees has also been felt within the wider Turkish population. As the figure below shows, the majority of the population continues to see the state of the Turkish economy to be bad or very bad. It is also a fact that a whole generation of Turkish youth has never known a leader other than President Erdogan given his 20-year rule. All of these aspects are likely to feature in the presidential election campaign.

Figure 4. Current State of the Economy

How do you think of the economy as of today?



SOURCE: "Monthly Report No. 68," Türkiye Raporu, August 2022.

(<https://www.worldbank.org/en/country/turkey/overview#1>)



Key Economic and Social Data in Turkey at a Glance

- GDP: \$720 billion (2022)
- GDP per capita: \$ 12,000 (2023)
- Annual Growth Rate: 11.4% (2021)
- Inflation: 53.5% (2023)
- Population: 86,693,409 (2023)
- Unemployment Rate: 10.2% (2023)
- Credit Rating: Standard & Poor: B+ with a negative outlook (2021). Moody's: B2 with a negative outlook (2019). Fitch: BB- with a negative outlook (2020). DBRS: BB (high) with a negative outlook (2016).

2. Turkey's Foreign Policy

Turkey's foreign policy position has been strengthened as a result of the Ukraine War with Turkey, as a member of NATO, taken on a key role with regard to keeping channels of negotiations open to Russia. This was underlined when Turkey negotiated the grain deal with Russia to allow for continued exports from the Ukraine. Due to its geographic location and controlling the access to the Black Sea, Turkey's geopolitical importance has been enhanced.

While Turkey is committed to developing its ties with the United States and Europe, relations are subject to a degree of volatility which is also related to Turkey's role as a NATO member. Ankara's delay in admitting Sweden to NATO for domestic reasons has not been received well in Washington and European capitals and has raised questions about Turkey's reliability as an ally. At the same time, Turkey is seen as critical when it comes to further Russian expansionism and as such Turkey will remain a central component of the Western alliance network. Relations with Europe have also declined with the convergence over foreign policy issues at a low point since 2016. As it stands, Ankara currently has no credible prospect of EU membership, despite being a candidate country since 1999.

In regional matters, Turkey's foreign policy has undertaken a serious of adjustment in recent years due in part to the deteriorating economic situation in the country. Turkey has reduced its intervention in regional matters and instead undertaken a wide outreach effort to Arab countries such as Egypt, Saudi Arabia and the UAE. Turkey's foreign relations with Egypt, Israel, and North Africa have also undergone critical changes underpinned by a desire to intensify economic and commercial relations with these countries. In 2020, President Erdogan's visit to Algeria confirmed the need to improve trade relations with North African countries, but the new policy towards the nations faces challenges, such as geopolitical restrictions and the difficulty in balancing interests in Turkey's concerns and the individual states.

3. Turkey-GCC Fact Sheet

Figure 2

Turkey's trade in goods with GCC countries in 2021 in U.S. dollars:

Country	Total Trade	Export value	Import value
Bahrain	\$517M	\$173M	\$344M
Kuwait	\$894M	\$748M	\$146M
Oman	\$1.51B	\$522M	\$984M
Qatar	\$1.81B	\$1.03B	\$784M
Saudi Arabia	\$3.76B	\$274M	\$3.49B
United Arab Emirates	\$8.56B	\$5.83B	\$2.73B

Source: <https://oec.world/en/profile/country/tur#economic-complexity>

Establishment of Diplomatic Relationships

Turkey-GCC Diplomatic Relations:

- Saudi Arabia: 1932
- Kuwait: 1969
- Qatar: 1972
- Bahrain: 1973
- United Arab Emirates: 1973
- Oman: 1973



Current Diplomatic Representation

- Turkey's Embassy in Saudi Arabia: Ambassador Fatih Ulusoy
- Turkey's Embassy in Kuwait: Ambassador Ayse Hilal Sayan Koytak
- Turkey's Embassy in Bahrain: Ambassador Ahmet Ulker
- Turkey's Embassy in the United Arab Emirates: Ambassador Tugay Tuncer
- Turkey's Embassy in Qatar: Ambassador Mehmet Mustafa Goksu
- Turkey's Embassy in Oman: Ambassador Ayse Sozen Usluer

Key Turkish Officials with Responsibility for the Gulf Region

- Minister of Foreign Affairs in Turkey: Mevlut Cavusoglu.
- Minister of National Defence: Hulusi Akar.
- Minister of Trade: Mehmet Mus

Key Research Centers and Think Tanks

- Center for Turkey's Economic and Strategic Studies ([TESAM](#))
- Foundation for Political, Economic and Social Research – SETA: www.setav.org/en/
- Turkish Economic and Social Science Foundation (TESEV): <https://www.tesev.org.tr/en/home/>
- Turkish Foreign Policy Institute (FPI): <https://www.euromesco.net/institute/fpi-turkish-foreign-policy-institute/>
- Edam: <https://edam.org.tr/en/about-us/>

Key Experts

- Soli Özel - Professor of International Relations at Kadir Has University
- Galip Dalay – Brookings Institution
- Henri Barkey, Professor of International Relations, Lehigh
- Ali Bakir – Assistant Professor in Ibn Khaldon Center for Humanities and Social Sciences, Qatar University



Recent Literature

- Simen Cengiz, “Kuwait may be key to improving Turkey-Gulf ties” *Arab News*, 2021
- Saban Kardas, “Hypothesis 2021: Turkey’s Relations with the Gulf Countries: Trends and Drivers”
- CRU Report 2021, “Evolving Turkish-Qatari Relations: 2002 to 2020”
- Asil Aydintasbas and Cinzia Bianco, “Useful enemies: How the Turkey-UAE rivalry is remaking the Middle East,” European Council on Foreign Relations, 2021.
- Gulf International Forum, “Turkey and the GCC States: Between a Foe and an Ally,” 2021.
- “Turkey strives to improve relations with Gulf countries: Erdoğan,” Daily Sabah, 2021.

4. Key Developments in Turkey-GCC Relations

Turkey-GCC relations have markedly improved since 2021. While ties with Qatar remain the key, Turkey is also increasingly looking towards Saudi Arabia and the UAE, mostly due to Turkey’s need for economic support. The Arab Spring uprisings that emerged in late 2010 highlighted some of the challenges facing Turkey-GCC relations, in light of some conflicting regional policies. This indicates lingering issues that will continue to impact the trajectory of Turkey-GCC ties. A key aspect for the GCC states is Turkey’s relations with Iran as they see Ankara as a counterweight against further Iranian expansionism in the region.

The improved relations have seen contact between the two sides increase. On November 24, 2021, UAE President Shaikh Mohammed Bin Zayed al-Nahyan visited Turkey. President Erdogan reciprocated on February 12, 2022, by making a trip to the UAE. Relations have also improved with Saudi Arabia with the Turkish judiciary closing the file on the killing of Saudi journalist

Jamal Khashoggi and referring the continued investigation over to Saudi authorities.

Turkey-GCC

- Following the devastating earthquake in Turkey and Syria, the GCC states responded with relief aid campaigns. Turkey’s ambassador to Saudi Arabia, Fatih Ulusoy, thanked the leaders of the GCC states and congratulated H.E Jasem Albudaiwi for assuming his new role as the GCC Secretary General. During the meeting at the GCC Secretariat in Riyadh, Ulusoy stated that “cooperation opportunities between Turkey and the GCC were also discussed,” to further strengthen the relations between the two sides.
- The GCC’s 41st summit meeting in January 2021 which ended the feud with Qatar opened the way to also improve ties with Turkey. Both sides have since focused on expanding on their economic and security ties.

Turkey-Saudi Arabia

- In November 2021, Turkey’s Vice President Fuat Oktay met with the Saudi Minister of Commerce Majid Bin Abdullah Al Qassabi in Istanbul.
- In November 2021, Turkish Foreign Minister Cavusoglu and his Saudi counterpart, Prince Faisal Bin Farhan, agreed to work on positive issues on common agenda and to hold their regular communications.
- This was followed by President Erdogan announcing plans to visit the country intending to mend relations with Saudi Arabia after Turkey’s exporters reported issues in trade relations with the former country.
- In November 2022, Saudi Arabia and Turkey discussed Riyadh placing a \$5 billion deposit at Turkey’s central bank.
- In March 2023, Saudi Arabia and Turkey

announced an engineering automation project for the Middle East, with the Saudi-Turkish Business Forum setting a goal of exceeding \$10 billion in the trade exchange between Riyadh and Ankara.

Turkey-United Arab Emirates

- In January 2021, Turkey announced a \$5 billion currency swap deal with the UAE in a sign of warming diplomatic relations that provides Ankara financial support as it faces economic turmoil. This agreement underlined the commitment by the two central banks commitment to deepen bilateral trade in local currencies in order to advance economic and financial relations between both states.
- UAE Crown Prince Mohammed bin Zayid visited Turkey in November 2021, in a first step to improve ties. Both states announced ten Memoranda of Understanding (MoUs) in their fields of finance, investment, energy, trade, and the environment including a \$10 billion Emirati fund to support strategic investment in Turkey.
- President Erdogan visited the UAE in February 2022, during which the two countries signed thirteen agreements in defense, trade, technology, agriculture, and other sectors.
- In March 2023, the UAE and Turkey signed a pact that could more than double bilateral trade volumes to between \$40 billion and \$45 billion within the next five years. The trade announcement builds on a defense-industry cooperation agreement following President Erdogan's visit in 2022.

Turkey-Qatar

- President Erdogan visited Qatar in 2021 including attending the fifth meeting of the Turkey-Qatar high strategic committee. The two sides signed multiple agreements

in economic and technical fields including on industrial and technological cooperation, urbanization, and bilateral trade.

- Qatar's Foreign Minister Shaikh Mohammed Bin Abdulrahman Al-Thani of Qatar discussed strengthening humanitarian and political efforts with Turkey's Foreign Minister, Mevlut Cavusoglu. Issues included regional files, such as the situation in the Palestinian territories, Iraq and Syria.
- In November 2022, it was reported that Turkey and Qatar were in the final stages of talks for Doha to provide up to \$10 billion in funding for Ankara, including up to \$3 billion by the end of the year.

Turkey-Oman

- Oman has promoted stronger ties with Turkey to enhance security and stability in the region by bolstering trade relations between the countries. Areas of cooperation include health and tourism.
- In February 2021, the Turkish Minister of Foreign Affairs Mevlut Cavusoglu paid a visit to Oman where he met with his counterpart Sayyid Badr Al Busaidi. He was also received by the Deputy Prime Minister, Sayyid Fahd Bin Mahmoud Al Said.
- On January 30, 2023, Oman signed a long-term agreement with Turkey's BOTAS Petroleum pipeline Corporation to supply 1mn metric tons of liquefied natural gas every year for 10 years. Oman LNG will start supplying gas to Turkey in 2025 as per the binding agreement. The agreement was signed by Hamed al Naamany, CEO of Oman LNG, and Burhan Ozcan, chairman of BOTAS, in Muscat.



Turkey-Bahrain

- In January 2022, Foreign Minister Mevlut Cavusoglu paid a visit to the Kingdom of Bahrain upon the invitation of Dr. Abdullatif bin Rashid Al Zayani, Foreign Minister of Bahrain. FM Cavusoglu stated that both states can increase trade and economic ties including a meeting of the economic action plan that they can hold the economic commission meeting in March 2022, aiming for more cooperation in areas such as the defense industry and health.
- On January 31, 2022, Foreign Minister Mevlut Cavusoglu met with the Crown Prince and Prime Minister Salman bin Hammad Al Khalifa to review the steps to be taken to further advance both state's cooperation.

Turkey-Kuwait

- Kuwait and Turkey collaborate in context of the humanitarian sphere. For example, in recent years, Kuwait hosted three International Humanitarian pledging conferences for Syria to support the three million Syrian refugees who were hosted by Turkey.
- In April 2021, Kuwaiti Foreign Minister Sheikh Ahmed Nasser Al- Sabah paid a two-day visit to Ankara. He was the co-chair of the second meeting of the Turkey-Kuwait joint committee for cooperation. The first meeting was held in October 2013.
- In January 2023, Turkey's defense firm Baykar is set to deliver drones to Kuwait valued at \$370 million.

As it stands, there is little consensus among GCC states on the role of Turkey in the Middle East and North Africa, and how Turkey should be responded to. Cooperation continues despite there being divergent interests among the two sides and

mistrust continues to be a key issue. Since 2005, a formal agreement entitled the 'Framework Agreement for Economic Cooperation between Turkey and the Cooperation Council for the Arab States of the Gulf (GCC)' exists. Moreover, in 2018, talks were held with the aim being to deepen the cooperation between Turkey and the GCC when it comes to economics, trade, and cultural fields. Relations diverged in the wake of the Arab Spring with GCC countries like the UAE being critical of Turkey's support for Muslim Brotherhood groups in the Middle East. The rift deepened during the years 2017 to 2021 when Turkey sided with Qatar during the blockade called out by the UAE, Saudi Arabia, Bahrain and Egypt. With the end of the GCC rift in January 2021, relations have begun to once again improve.

5. Supporting Documents

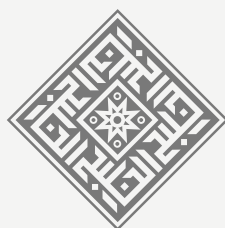
Publications

GCC-Turkey Relations: Dawn of a New Era – Gulf Research Center – June 2015

Events

The Chairman of the Gulf Research Center, Dr. Abdulaziz Sager, welcomed in the center's headquarters in Riyadh on September 18, 2022, Mr. Cengiz Özgencil, the head of the Bosphorus Forum in Turkey, and his companions.

Dr. Abdulaziz Sager, Chairman of the Gulf Research Center spoke on a panel hosted by the Ministry of Foreign Affairs and International Cooperation of the United Arab Emirates in partnership with the Atlantic Council, at this year's Sir Bani Yas Forum on November 14, 2022, discussing on the topic of 'Iran, Turkey, and the Arab World'



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