

Japan and Turkey: The Contours and Current Status of an Economic Partnership/Free Trade Agreement

SCOTT MORRISON*

ABSTRACT *As the third largest economy in the world, Japan cannot be overlooked in any analysis of Asia's importance in international geopolitics and the global political economy. The ties between Japan and Turkey – whether diplomatic, political, economic or societal – span the breadth of Asia. Those ties have become more numerous and consequential in monetary terms over the last half-decade. Although the relationship has not been a top priority for either country, awareness of the potential for mutual gain as a result of more trade and investment has a history of at least three decades. This article surveys the current economic and trade relationship between Turkey and Japan, paying particular attention to recent notable Japanese investments in Turkey and the preliminary positioning of trade representatives in advance of a proposed Free Trade/Economic Partnership Agreement.*

Introduction¹

As the world's third largest economy, strategically proximate to China, and firm friend of the US, Japan is by any measure a crucial force – albeit an economic rather than a military one – in the Asia Pacific and East Asia. In keeping with the theme of this issue, therefore, the position and economic potential of the countries in the Asia Pacific may extend in importance even more visibly and consequentially outside of the region, – most likely in coalition with friends and allies, as it already does (as measured by economic engagement with countries that, collectively, span the globe). In keeping with this issue's examination of domestic and international developments relating to the Republic of Turkey, this article narrows its attention to recent and likely future events that have brought Japan to engage with Turkey.

With respect to both Japan and Turkey, the focus of this article encompasses both private parties (companies engaged in bilateral trade and investment) and especially the governments of these two countries. The Japanese and Turkish

* Associate Professor, Akita University, Japan

Insight Turkey
Vol. 16 / No. 2 /
2014, pp. 183-195

governments and their respective ministries and quasi-governmental actors simultaneously lead and follow the flow of capital, goods and services, seeking to facilitate their movement and formalize bilateral relations into an Economic Partnership Agreement (EPA). For the purposes of this article, EPA and Free Trade Agreement (FTA), the parlance used elsewhere, will be treated as synonymous and interchangeable. Over the last three years, the private sector has

on balance been the initiator of enhanced trade relations, but both governments have instead responded to the business lobby and taken their own initiatives, particularly in the area of nuclear power.

In contrast to the relatively low value of Turkish exports, the composition of Turkey's imports from Japan emphasize the dominance of Japan in the trade relationship

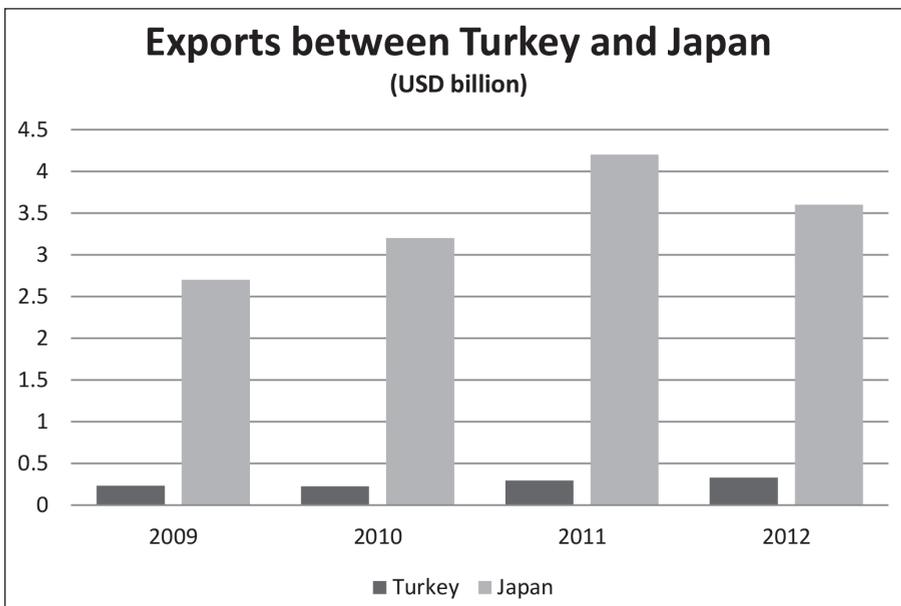
In order to elucidate the contours and conditions of a possible EPA between Japan and Turkey, and the prospects and probability of such a document being agreed upon by the two governments, this article analyzes four elements. First, the character and quantity of trade and investment between Turkey and Japan over the last four years. Second, the legislative and diplomatic endeavors and accomplishments of the Japan-Turkey Joint Economic Committee from its inception in 1983 to the present. Third, some recent landmark deals between Japanese companies and the Turkish public and private sector.

Fourth, respective demands and observations of a notional FTA between the two countries, as expressed by the "Joint Study Group for an Economic Partnership Agreement between Japan and the Republic of Turkey." This article concludes with some reflections on the cumulative effect of the economic and structural elements of bilateral relations, and those of the political and bureaucratic actors participating in the ongoing efforts to maximize tangible strategic and political gains from the relationship between Japan and Turkey.

The Character and Magnitude of Trade and Investment between Turkey and Japan

Turkish exports to Japan amounted to US\$274 million in 2013 (as of October), US\$331 million in 2012, US\$296 million in 2011, US\$272 million in 2010, and US\$232 million in 2009.² The gradual upward trajectory of the value of Turkish exports in this period is evident from these figures. What is less apparent is what they indicate about the scale of Turkish exports in light of the size of the Japanese market, compared to that of other countries to which Turkey exports goods. Between 2009 and 2012, Turkey's exports to Japan were roughly comparable to its exports to Ireland. Ireland is the 42nd largest economy in the world; it is less than 4 percent of the Japanese economy in size.³ These facts, combined with the areas of pressing Japanese demand which will be

discussed in section four below, provide evidence supporting the proposition that Turkey has not yet realized the potential scale of goods it could export to Japan – as the promoters and advocates of augmented bilateral trade relations maintain. In 2012, all of the top ten Turkish products imported by Japan (comprising 64 percent of the total imports) were agricultural or marine products (foodstuffs, produce, tobacco, seafood), clothing and leather goods, except for the 8.5 percent of which were machinery and parts.⁴ In the same year, Turkey’s top export product types were textiles, clothing and accessories, vegetables and fruit, and fish products.⁵ On the other hand, Japan’s exports to Turkey were worth US\$3.6 billion in 2012, US\$4.2 billion in 2011, US\$3.2 billion in 2010, and US\$2.7 billion in 2009.⁶



These figures bring into relief the stark trade imbalance between the two nations. In contrast to the relatively low value of Turkish exports, the composition of Turkey’s imports from Japan emphasize the dominance of Japan in the trade relationship, at least with respect to monetary trade balance rather than demand and perceived importance of different types of goods or investment. The top ten exports from Japan to Turkey amounted to over 89 percent of the total exports, indicating the small number of product types sold. Of those top ten exports, nearly 35 percent were related to nuclear energy production – nuclear reactors or machinery and parts. 13 percent were motor vehicles. The remainder included heavy industrial goods (iron and steel), precision instruments and machinery or parts, ships and other floating structures, and light industrial products (rubber and plastics). Japan’s exports exceed Turkey’s exports by a factor of at least 5 in value and typically by quite a lot more.

Turkey has no foreign direct investment (FDI) in Japan.⁷ In 2010, Japan was the sixth highest contributor of FDI in Turkey – US\$347 million, or 5.3 percent of total FDI. Japan is ahead of the US in the ranking of foreign investment in Turkey and four European Union countries.⁸ Section four will furnish more detail on the increase in Japanese investment in Turkey more recently, including the opening of Japanese companies and offices in the country. The 2010 FDI figures underestimate the trend of growing direct investment of Japanese entities in Turkey, which has increased substantially from 2011 onwards. It is clear that there is an asymmetric economic relationship between the two countries, which the Turkish government is eager to redress, particularly with the decline of growth in the European Union and the consequent reduction in investment from the eurozone. Japan's interests from a macroeconomic standpoint may not be as obvious but, as the next section will detail, both sides have made efforts to attain an equal footing, or at least as advantageous a position as possible, as they attempt to prepare the groundwork for an EPA and increasingly promote high-level talks precedent to such an agreement.

The European Customs Union is central to the edifice of Turkey's existing FTAs. Turkey has entered into 29 FTAs, 10 of which were repealed due to their partners' accession to the European Union. The remaining European Free Trade Agreement is central to Turkey's strategy towards free trade arrangements. One of the remaining agreements is the FTA with Lebanon, which is currently in the process of ratification. Another is the FTA with Syria, which is currently suspended due to the foreign policy position of the Turkish government towards the Syrian regime. The remaining 17 FTAs are with the following countries: Israel, Macedonia, Croatia, Bosnia-Herzegovina, Palestine, Morocco, Tunisia, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Jordan, South Korea, and Mauritius. Together these FTAs encompass 9.6 percent of Turkey's exports and 4.5 percent of imports.⁹ This list suggests that geographic distance has had an impact on the order in which Turkey has entered FTAs and the priority and ease with which such agreements have come about, as Turkey has focused on proximate neighbors and regional players in the Mediterranean and Southeastern Europe, with the exception of some countries further afield, such as Chile, Mauritius and South Korea. (As preliminary positioning for FTA negotiations reveal, Japan is mindful of Turkey's relations with South Korea and seeks to maintain relative parity of terms of trade and investment vis-à-vis Turkey in comparison with its neighbor.) Turkey has not yet entered into a FTA with China, creating an opportunity for Japan to have a sequential advantage, or even an aspirational longer-term advantage, relative to the world's second largest economy.

Japan has entered and now observes 13 EPAs, compared to the 19 FTAs to which Turkey is a party. However, Japan's EPAs encompass a much higher percentage of the country's total trade volume (84 percent) than Turkey's FTAs.

The greater relative importance of EPAs to Japanese trade reflects the significance of such a formalization of trade ties, the robust role that the Ministry of Economy, Trade and Industry (METI) plays in promoting Japanese businesses and commercial enterprises abroad, and the larger scale of the economies with which Japan has EPAs. Japan's EPAs are concentrated in Asia, with the notable exception of its EPA with the US.¹⁰ Japan seeks to become a member of the multilateral Trans-Pacific Partnership (TPP), although it has entered the emergent negotiations at a late stage. There are also uncertainties about Japan's ability to conform to candidate requirements, such as opening areas of the Japanese economy that have been long protected to competition, namely the agricultural sector and the culturally and politically sensitive area of rice production.



The foreign policy interests and strategic political objectives of the two countries have not intersected or clashed in any areas of major concern

This section summarized the existing trade relations between Turkey and Japan, with reference to the character and magnitude of cross-border trade and investment since 2009. In parallel to that, state-to-state dialogue has sought to analyze, deepen and intensify the trade and investment spanning between these two countries located on the extreme western and eastern edges of Asia. The next section focuses on the highest level and most continuous committee pertinent to Japan-Turkey economic and commercial relations since its inception in 1983.

The Japan-Turkey Joint Economic Committee

A degree of governmental interest has existed for three decades. The Japan Business Federation (Keidanren) and Turkey's Foreign Economic Relations Board (DEIK) joined forces to create the Japan-Turkey Joint Economic Committee (JTC) in 1983. The JTC is the most visible and influential promoter of an EPA between Japan and Turkey. Consisting of representatives from the government, the private sector and academia, members of the JTC have met over twenty times since the organization's inception. They have accomplished several agreements and some legislation. In 1992, the JTC facilitated the "Agreement between Japan and the Republic of Turkey Concerning the Reciprocal Promotion and Protection of Investment"; coming into force the following year, this agreement assisted the protection of investment assets and gave mutually favorable treatment to commercial activities. In 1993, the JTC facilitated a tax treaty, known as the "Agreement between Japan and the Republic of Turkey for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income," which came into force in 1994. This double

Turkish Prime Minister Recep Tayyip Erdogan reviews the guard of honor with Japanese Prime Minister Shinzo Abe during a welcoming ceremony held by Abe at Akasaka State Guesthouse in Tokyo, Japan.

EPA / Kimimasa Mayama



taxation treaty is a routine agreement that does not distinguish the bilateral relations between these two countries or the character of their trade relations with other nations, but it is nonetheless a prerequisite for a closer economic relationship and a basis for bilateral strategic cooperation.

In December 2010, the METI and Turkey's Minister of Energy and Natural Resources (MENR) concluded a Memorandum of Cooperation (MOC) for "the development of a nuclear power program" in Turkey; this agreement, valid for five years and capable of renewal by mutual agreement, is intended to advance the "preparation, planning and promotion of nuclear power development, waste treatment and technological development," human resources and infrastructure development in compliance with the International Atomic Energy Agency's (IAEA) guidance and standards, and public relations pertaining thereto in Turkey.¹¹

The recent pique of interest in an EPA is the result of a Japanese initiative. Keidanren, acting at the behest of various Japanese companies, forwarded a proposal for the commencement of EPA negotiations to the Japanese government in March 2012.¹² Keidanren sought the expansion and diversification of bilateral economic ties and the creation of a level playing field for Japanese companies, in comparison with that inhabited by other foreign investors in Turkey, as well as a "business environment that leads to smoother and more efficient corporate activities." Keidanren emphasized the importance of reduced

or eliminated tariffs on Japanese industrial goods, a relaxation and simplification of the procedures and requirements for work permits, and a strengthening of intellectual property rights. The core attraction of Turkey for trade and investment in the view of Keidanren and its constituents are as follows: a large and young workforce; a steadily increasing population of 74 million with the attendant market of consumers in possession of rapidly increasing purchasing power; proximity to the EU market and enjoyment of tariff reductions under the EU-Turkey Customs Union; and proximity to areas with potential for high growth in the MENA region and Central Asia. The cost of labor is much higher in Japan, the working population is shrinking and significantly older on average than in Turkey, and Japan lacks the proximity to developing markets to which Turkey has ready access.

Keidanren's initiative paid off, encountering a welcoming reception from both Japanese and Turkish governments. As a result, during a visit to Japan in July 2012, Turkish Economy Minister Zafer Çağlayan signed a "Memorandum on Establishing a Framework for Cooperation in Economic Relations between the Government of Japan and the Government of the Republic of Turkey" (MOEF) together with the Japanese representatives, then Foreign Minister Gemba and METI Minister Edano.¹³ The MOEF was the highest level and most extensive framework preparatory to an ETA/FTA to date. Before the MOEF, a Japanese official reported that Minister Çağlayan had expressed Ankara's desire to begin formal FTA negotiations at the conclusion of a joint study on bilateral trade relations and possibilities of increased investment,¹⁴ so evidently there was a receptivity predating the conclusion of the MOEF from the Turkish side. A joint study group was convened pursuant to the MOEF, meeting in November 2012 in Ankara and February 2013 in Tokyo under the auspices of the Japan External Trade Organization (JETRO). At the highest intergovernmental level, the Japanese Prime Minister Abe completed a state visit to Turkey in October 2013, which was reciprocated with Turkish Prime Minister Erdoğan's state visit to Japan in January 2014. At the former meeting, agreements were taken (among others) to increase flights between Tokyo and Nagoya with Turkish airports, and increase cooperation with regard to nuclear energy, science and technology. At the subsequent meeting, most pertinently for this article, the two leaders agreed to commence intergovernmental negotiations on an EPA (as well as a Social Security Agreement), although no date for such commencement has been established.¹⁵

As is evident from the most recent high-level talks and agreements, the study group's recommendations and analysis – which will be explored in section four regarding the future of the EPA – proved consequential, even after several decades of low-level cooperation and exchange. The next section takes a look at notable recent economic developments that have outpaced government-to-government interactions and initiatives.

Recent Deals between Japanese Companies and the Turkish Public and Private Sectors

In the more distant past, Japanese companies engaged in Turkey and advanced successfully in the following sectors: construction, automobile, machinery, and electrical goods. While continuing in these areas, Japanese business fields in Turkey are now expanding into the banking, insurance, media and food sectors. There are currently around 162 Japanese companies doing business in Turkey with Japanese capital. A recent example of Japanese investment in Turkey is the decision by Sumitomo Rubber Industries to invest approximately \$500 million to build a tire-manufacturing factory in the Çankırı province near Ankara by 2015. Sumitomo aims to supply tires to markets in the Middle East, Africa and Europe, with the corresponding reduction in lead-time and transportation costs.¹⁶ The incentives of building a factory there, together with the more distant time horizon that doing so betokens, is a good example of the motives now taking Japanese companies into Turkey.

In the banking and finance sector, Mizuho Corporate Bank Ltd. signed a partnership agreement with Akbank TAS, Turkey's second-biggest lender by market capitalization, in September 2012; under the agreement the two banks will jointly service Japanese companies investing in Turkey.¹⁷ Mizuho's rival and the largest Japanese bank, the Bank of Tokyo-Mitsubishi UFJ, invested US\$303 million in order to establish a local subsidiary and launch operations in Turkey in 2013. Before it received its banking license in December 2013,¹⁸ the Bank of Tokyo-Mitsubishi UFJ only had a representative office in Turkey, a presence which went back 26 years. Also, sales of Turkish lira-denominated bonds to Japanese investors – known in Japan as *Uridashi* bonds – increased to US\$2.7 billion since the beginning of 2013, surpassing the record US\$2 billion raised in 2011.¹⁹

As is well known, in March 2011 an earthquake (now known as the Great East Japan Earthquake) off the eastern coast of Honshū caused the melt-down of the Daiichi nuclear plant in the prefecture of Fukushima. The damage was severe and the cost of stabilizing and restoring the area is high; the array of environmental, economic and societal problems following the Fukushima Daiichi disaster is far from resolved. As a result, the prospects for Japanese companies to continue or undertake new nuclear energy projects at home or abroad were diminished. However, a Japanese company belied that appearance when it won the tender to build a new nuclear plant in Sinop, Turkey from other bidders, including South Korea, Canada and China. The Japanese company, Mitsubishi Heavy Industries Ltd., acting in consortium with the French Company Areva SA, is undertaking the project, which is worth US\$20.54 billion.²⁰ Turkey and Japan concluded the deal, known as the Sinop project, in May 2013. Promoted by the prime ministers of the two countries, Prime Minister Shinzo Abe hailing it as a victory for his government and a brick in the edifice of his plan to build up

dynamism and growth in a long-stalled economy. In terms of both the economic and political strategy of Prime Minister Abe's government, the Sinop project carries a symbolic value that is as great as its commercial value; it is a refusal to abandon nuclear technology and an assertion of the Japanese industry to overcome the aftermath of the Daiichi nuclear plant's meltdown, which looms large in Japanese society.

Three years earlier, Turkey concluded a deal with Russia to build a plant in Akkuyu, in southern Mersin. Japan, like Russia, will cover the cost of building the new reactor. Construction will commence in Sinop in 2017, with the expectation that the reactor will be operational by 2023. Also like Russia, Japan secured guaranteed energy prices²¹ as part of the deal. As an enhancement of Japanese international trade and reputation in the nuclear industry, as well as a technological advancement (as the reactor will be the first of a new model), the Sinop project is emblematic of increased engagement between Japan and Turkey – a form of engagement that may go beyond the economic to strengthen strategic ties, particularly in view of the critical nature of the energy sector and the projected steep increases in demand.

The cultural and geographic distance of Japan from Europe makes cooperation with Turkey more likely, even though it entails potential limits in communication and cross-cultural understanding

Examination of a Notional EPA

With the usual disclaimers about not prejudicing subsequent negotiations, the Joint Study Group for an Economic Partnership Agreement between Japan and the Republic of Turkey²² (JSG), a quasi-governmental assemblage composed of government, industry, business and academic representatives commissioned by the Japanese-Turkish Trade and Investment Summit (TRINS), finalized a report that analyzed the factors that need to be considered to draft an EPA/FTA and advocate an early start to negotiations. The JSG emphasized that the trade relationship is complementary and mutually beneficial, but has not yet realized its full potential. The JSG Report analyzed fifteen different economic fields. Both sides weighed in on whether these fields should be addressed in the EPA; the sectors considered were largely agricultural/fishing and industrial goods, and to a lesser extent technological and electronic goods. Issues included tariff barriers, intellectual property protection, the scope and importance of harmonization and standardization, and the general character and purpose of the desired trade agreement.

An important piece of the puzzle for both parties is agriculture. Japan is the largest net importer of agricultural products in the world, as a result of the

The effect of closer Turkish ties with Japan, whether or not limited to the removal of trade barriers, may also have implications for Turkey's relations with China

relatively small proportion of cultivable land in the country; while the country's landmass is larger than commonly supposed – it is twice the size of the UK – large territories are mountainous and therefore resistant to cultivation. In addition, due to Japan's aging demographic, there is a shortage of agricultural workers. Furthermore, farms are not industrialized and remain small by global standards. For the same reasons, magnified by the high consumption per capita of marine products, Japan is also the largest net importer of sea and fish products – notwithstanding the fact that Japan is a nation of islands, and possesses ready proximity and access to the ocean. Food self-sufficiency is a major concern among the population and a governmental policy priority.

Turkey is traditionally an agricultural country, with the agricultural sector providing a quarter of employment and nearly 10 percent of GDP in 2012. As discussed above, Turkey is the seventh largest producer globally of a wide range of cereals, fruits and vegetables, oil seeds, and tea. Animal husbandry and fishing are major subsectors. In sum, Turkey is agriculturally self-sufficient, which makes agriculture an obvious and significant area for mutual benefit for both countries if trade can be facilitated. The Joint Report also emphasized the possibility that agriculture could provide the basis for a strategic framework given the sensitive issue of food supply (particularly for the Japanese side), notwithstanding the domestic political sensitivities of reforms in the sector in Japan, as well as the sensitivities that the Japanese government must confront for other reasons such as prospective membership in the TPP. In connection with agriculture, Japan sought consideration and allowances for farmers affected by the Great East Japan Earthquake.

In its stronger areas, Japan sought elimination of Turkish tariffs on industrial products, including automobiles and auto parts, electrical and industrial machinery, chemicals, electronic goods, iron, steel and alcoholic beverages. Turkey expressed an interest in services in the areas of construction education, nursing, entertainment, hotel, restaurants, residential care for the elderly and aviation; Japan stated its intention to seek the liberalization of Turkish sectors such as audiovisual services, distribution services and computer related services. In an indication of its perception of regional competition, Japan maintained that the FTA between Turkey and South Korea should be the benchmark of a Japan-Turkey EPA. Japan seeks terms that are equal to or better than those of the South Korean FTA with Turkey. Turkey, on the other hand, aims to reduce its trade deficit, as quantified in section two; the Joint Report also states that Turkey expects an asymmetry of liberalization measures in industrial and

agricultural sectors as a result of the differences in size and development of the two countries' economies.

Regarding technical aspects of liberalization, the parties agreed to enter a World Trade Organization (WTO) consistent agreement on technical barriers to trade. Turkey expressed an interest in including an independent chapter on the temporary movement of natural persons and mutual recognition, but not on labor. Japan has not agreed to a chapter on labor in its previous FTAs, but suggested that it would be appropriate in a FTA with Turkey. Immigration remains a sensitive issue in Japan and the absolute and relative number of foreign workers or immigrants is very low by developed world standards. The prospective parties to the EPA also diverged on the drafting of a chapter on the environment, which only Japan sought. The parties agreed a chapter on intellectual property was a possibility, as well as chapters on competition and improving the bilateral business environment. Japan requested a chapter on electronic commerce and non-discriminatory treatment of digital products, and an independent chapter or annex on financial services and telecommunications. Turkey was non-committal regarding proposed provisions on cooperation, including the facilitation of trade and investment and the resolution of disputes.

Allowing for the possibility of strategic reserve in subsequent negotiations and looking at the array of issues, industries and sub-industries under discussion at this (admittedly still preliminary) stage, there are few, if any, highly contentious issues where there is not room for compromise. At the same time, agriculture and services appear to be the areas with the greatest potential for mutual benefit; in other respects, the existing asymmetries in the division of labor will be continued as is perhaps inevitable and accepted by the parties of this notional FTA. Domestic economic and political factors have converged to make forward progress towards an FTA more probable now than at any other time. Whether such an agreement, should it indeed come into existence, will fulfill all of the potential that its advocates claim (or hope) is of course unknown.

Conclusion

The contemporary condition of bilateral trade relations and the current push towards negotiations aiming at an FTA are first and foremost a result of business alliances and the private sector lobby. They are also a result of the response of political and bureaucratic actors to that lobby, and an effort to derive strategic and geopolitical assets from the Japanese-Turkish bilateral relation. However, as befits a FTA, the primary potential gain for the parties remains economic. The trade imbalance, and capturing FDI and attendant employment are chief among the potential gains for Turkey. An additional supply of food products and secondarily services, and preferential access to Turkish consumer and labor markets are principal among the attractions for Japan, together

with the advantage of Turkey's proximity to promising (and otherwise distant) markets for Japanese goods.

The foreign policy interests and strategic political objectives of the two countries have not intersected or clashed in any areas of major concern. Furthermore, for the present and foreseeable future, the issues around which the two countries share complementary interests are real and important. The involvement of Japan and the increasing Japanese visibility in Turkey does not obviously invite popular resistance as it might if such commercial involvement were pursued by powers with a colonial or otherwise politically contentious history. Since Japan possesses a military and imperial history in neighboring Asian countries, leapfrogging across Asia to Turkey is an appealing expedient from this perspective, especially with lingering tensions with China over renewed territorial disputes. In this respect, the cultural and geographic distance of Japan from Europe makes cooperation with Turkey more likely, even though it entails potential limits in communication and cross-cultural understanding. However, the seriousness of such issues is called into question, at least at the level of large-scale corporations who have ample capacity to overcome such challenges, by the recent increase in Japanese FDI in Turkey and the establishment of Japanese offices in major Turkish cities.

The significance of Asia in global politics, the balance of global trade, international political economy and economic development inevitably raises the question of Japan's position and importance in the ensuing rebalancing of global wealth and power. The effect of closer Turkish ties with Japan, whether or not limited to the removal of trade barriers, may also have implications for Turkey's relations with China; Turkey may have to delicately navigate between China and Japan, depending on the state of Japanese-Chinese relations. Whether or not that course becomes a zero-sum game, under which Turkey cannot seek equally favorable terms of trade and investment from both of these two countries depends on East Asian regional politics. With respect to Japan, it is impossible to know how certain domestic political decisions (relevant both to the country's relationship with China and its ability to project investment abroad) will unfold: whether Japan will increase military spending and elevate the deliberately low-level military posture it has maintained since World War II; whether nationalism will become a more prominent feature of domestic ideology and/or foreign policy; and whether the economic experiment of the current government (commonly referred to as 'Abenomics') will succeed in accelerating economic growth and entrepreneurial vibrancy.

Whatever the outcome of these unknown factors, the relatively low priority that Japan and Turkey have accorded their bilateral relations is changing. This article has endeavored to outline the current status of one issue: bilateral trade and investment, and mutual cooperation intended to facilitate it. Given the in-

terests and objectives of both the public and private sectors of these two countries, bilateral trade and investment is arguably the initial and most consequential basis upon which the relationship between Turkey and Japan can be built. ■

Endnotes

1. The author acknowledges with thanks the critiques of the anonymous editorial reviewers. In addition, thanks to Yoshio Aizawa for his kind assistance with data presentation and graphic design.
2. Turkish Statistical Institute, retrieved October 16, 2013, from www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=624
3. World Bank.org, retrieved October 17, 2013, from <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>
4. Japanese Ministry of Finance, "Trade Statistics" quoted in Joint Report retrieved October 31, 2013, from http://www.meti.go.jp/english/press/2013/0731_04.html (hereinafter "Joint Report")
5. Turkish Ministry of Economy (July 2013), retrieved October 16, 2013, from <http://www.economy.gov.tr/index.cfm?sayfa=countriesandregions&country=JP®ion=6>
6. Turkish Statistical Institute quoted in Joint Report (note 3). The Joint Report – and sources referenced in it – is the main source for what follows in this section of the article.
7. Turkish Ministry of Economy (note 5).
8. Turkey's Undersecretariat of the Treasury General Directorate of Foreign Investment, retrieved October 16, 2013, from <http://www.economy.gov.tr/upload/40C115B8-D799-9F69-CA2BD0F9B716E5B2/FDIAccessedReportTurkey2010.pdf>
9. Joint report, p. 5 (note 4).
10. Joint report, p. 2 (note 4).
11. Japan's Ministry of Economy, Trade and Industry, retrieved October 16, 2013, from http://www.meti.go.jp/english/press/data/20101224_01.html
12. Keidanren, "Keidanren Calls for Early Conclusion of Japan-Turkey Economic Partnership Agreement (EPA)" retrieved October 16, 2013, from <http://www.keidanren.or.jp/en/policy/2012/021.html>
13. Japanese Ministry of Economy, Trade and Industry, retrieved November 1, 2013, from http://www.meti.go.jp/english/press/2012/0719_01.html
14. "Japan, Turkey agree to study FTA prospects," *Japan Times* (July 21, 2012) retrieved October 16, 2013, from http://www.japantimes.co.jp/news/2012/07/21/business/japan-turkey-agree-to-study-fta-prospects/#.UI5DII0mq_I
15. "Prime Minister Abe's Visit to Turkey," Ministry of Foreign Affairs of Japan (October 30, 2013) retrieved March 3 2014 from http://www.mofa.go.jp/region/page18e_000029.html. And "Visit to Japan of His Excellency Recep Tayyip ERDOĞAN, Prime Minister of the Republic of Turkey," Ministry of Foreign Affairs of Japan (January 28, 2014) retrieved 3 March 2014 from http://www.mofa.go.jp/me_a/me1/tr/page18e_000035.html
16. Emre Peker, "Japanese Investors Target Turkey," *Wall Street Journal* (October 14, 2012), retrieved October 16, 2013, from <http://online.wsj.com/news/articles/SB10000872396390444549204578019883120608180>
17. Sibel Akbay, "Akbank, Mizuho to Cooperate in Commercial, Investment Banking" *Bloomberg News* (September 3, 2012) retrieved November 1, 2013, from <http://www.bloomberg.com/news/2012-09-03/akbank-mizuho-to-cooperate-in-commercial-investment-banking.html>
18. The Republic of Turkey Prime Ministry Investment Support and Promotion Agency, "Bank of Tokyo-Mitsubishi granted Turkish banking license," (December 24, 2012) retrieved October 16, 2013, from <http://www.invest.gov.tr/en-US/infocenter/news/Pages/241212-btmu-granted-turkish-banking-license.aspx>
19. Emre Peker (note 16).
20. Yeliz Candemir, "Japan Gains Nuclear Deal for Project in Turkey" (May 2 2013), retrieved 16 October, 2013, from <http://online.wsj.com/news/articles/SB10001424127887324266904578458740011348944>
21. Candemir (note 20).
22. Joint report (note 4).