

# TURKEY'S POTENTIAL PROSPECTS IN AFRICA

M.Emre Görgülü<sup>1</sup>

## ABSTRACT

As the global crisis surrounds us, Turkey, as a country with huge prospects, needs to establish new political and commercial links with the rest of the world in order to lessen the effects of the global crisis. This can be a way to take the load off Turkey's shoulders. These links can be found in the continent Africa. As the host of world's several fastest growing economies, the continent offers new opportunities for Turkey. These opportunities can be utilized as either in the form of Foreign Direct Investment (FDI) or in the form of tied aids. Both can be really effective for Turkey if well handled.

This paper investigates future potential prospects in the continent Africa for Turkey. Investigating each country both in North Africa and Sub-Saharan Africa for the opportunities they present will provide an inside look at the continent and will offer one way to ease the effects of the global crisis for Turkey. For markets being relatively more developed in the continent, using FDI - as FDI would generate more benefits for the main investor countries when the level of development in the host country increases - with correct timing would yield considerable profits. On the other hand for the less developed countries in the continent, using tied aids aiming at resources would reap potential benefits for Turkey. In search for potential prospects for Turkey in Africa, one must not forget the fact that; even though these nations have ex-colonial ties with their big brothers in the West - either strong or weak - they are now looking for new relationships too. If it is our job to introduce these new links, so be it.

*JEL Classification: F21, F35, F59, O55*

*Keywords: Turkey, Africa, Foreign Direct Investment, Tied Aid, New Political and Commercial Links, South-South Cooperation*

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<sup>1</sup> Research Assistant, Afyon Kocatepe University, e-mail: egorgulu@aku.edu.tr

# TÜRKİYE’NİN AFRIKA’DAKI POTANSİYEL BEKLENTİLERİ

M.Emre Görgülü<sup>1</sup>

## ÖZET

Global kriz bizleri çevrelerken, büyük beklentiler taşıyan Türkiye, global krizin etkilerini hafifletebilmek için dünyanın geri kalanı ile yeni politik ve ticari ilişkiler kurma ihtiyacındadır. Bu Türkiye'nin omuzlarındaki yükü hafifletmek için bir yol olabilir. Bu ilişkiler Afrika kıtasında bulunabilir. Dünyanın en hızlı büyüyen ekonomilerinden birçoğuna ev sahipliği yapan kıta Türkiye için yeni fırsatlar sunmaktadır. Bu fırsatlar Doğrudan Yabancı Yatırım (DYY) veya bağlı yardımlar şekillerinde değerlendirilebilir. Eğer iyi idare edilir ise her ikisi de Türkiye için oldukça etkili olabilir. Bu bildiri, Türkiye için Afrika kıtasındaki potansiyel beklentileri araştırmaktadır. Kuzey Afrika'daki ve Saharalı Afrika'daki her ülkeyi sundukları fırsatlar bakımından ele almak, kıtaya daha detaylı bir bakış açısı sağlayacak ve Türkiye için global krizin etkilerini hafifletmek adına bir yol sunacaktır. Kıtada göreceli olarak daha gelişmiş olan ekonomilerde doğru zamanlama ile DYY kullanmak - DYY'lar yatırım alan ülkelerin gelişmişlik seviyeleri arttıkça, ana yatırımcı ülkeler için daha fazla yarar sağlayacağından - hatırı sayılır kârlar sağlayacaktır. Diğer taraftan kıtadaki daha az gelişmiş ülkeler için ise, doğal kaynaklar hedefli bağlı yardımlar kullanmak, Türkiye için potansiyel yararlar ortaya koyacaktır. Türkiye için Afrika'da potansiyel beklentileri ararken, şu gerçek unutulmamalıdır; bu ülkeler Batı'daki büyük ağabeyleri ile eski sömürgeleşel bağlara sahip olsalar bile - güçlü yada zayıf - onlar da yeni bağlantılar aramaktadırlar. Eğer bizim görevimiz bu ilişkileri ortaya koymak olacak ise, öyle olsun.

**JEL Sınıflandırması:** F21, F35, F59, O55

**Anahtar Kelimeler:** Türkiye, Afrika, Doğrudan Yabancı Yatırımlar, Bağlı Yardımlar, Yeni Politik ve Ticari Bağlar, Güney-Güney İşbirliği

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<sup>1</sup>Arş. Grv. Afyon Kocatepe Üniversitesi, e-mail: egorgulu@aku.edu.tr

## 1. INTRODUCTION

Turkey - as a country with huge prospects - been encompassed with the global crisis, is now looking for a way out. One solution lies in expanding the area of influence of Turkey by establishing new political and commercial links with the rest of the world. This can be a way to take the load off Turkey's shoulders. However finding proper links incisively is a tricky one. International context provides us with new opportunities along with potential conflicts of interests. Therefore one must make his moves cautiously in this international trade-off game. For a country quasi Turkey - geopolitically and historically significant - establishing new proper links needs even more delicate attention, considering the international socio-political conjuncture surrounding Turkey. On one side problematic relationships with the European Union alienate Turkey from its long standing goal of joining the EU, on the other side the Middle East offers a turbulent environment far away from stabilization. In addition forming these new links with far more developed countries than Turkey itself could result undesirable outcomes for Turkey. For several years it has been experienced that such a bond could contribute more to the North-South Gap<sup>1</sup>. Rather forming South-South cooperation links would yield far better results for Turkey.

The continent Africa may offer a remedy. The continent hosts several potential prospect countries; some with impressively fast growing scores such as Congo, Rep., Burkina Faso, Djibouti, Ethiopia and Malawi others with vast resources such as uranium in Namibia and Niger or petroleum in Angola, Nigeria and Libya, that can attract Turkey.

This paper investigates the opportunities that the continent presents for Turkey. Which countries in the continent offer favorable climates for Turkey, and to what extent? Which countries have the convenient resources for Turkey, and which of them would be willing to offer preferential access to those resources in exchange for what? Which economic tools does Turkey need to use in Africa in order to extract mutual benefits from the continent? This paper tries to answer all of the above questions in pursuit of potential prospects in the continent Africa for Turkey. The next part defines and briefly explains the economic tools that we will consider to use for the extraction of financial profits for Turkey. The following

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<sup>1</sup> Lairson and Skidmore (1993, pp. 181) in their book "International Political Economy-The Struggle for Power and Wealth" clarifies the North-South Gap mainly used as a label to distinguish the richer and poorer countries of the world from one another. For using North and South terms as labels, with their own words, they add "since most of the richer ones are located in the northern part of the world, while the poorer ones tend to find themselves south of the equator. In general these labels attempt to distinguish between relatively high-income countries which have undergone extensive industrialization and lower-income countries which remain at the earlier stages of industrialization".

two parts acquaints us with useful information to the subject both for Africa and for Turkey respectively. The last part presents a roadmap to Africa for Turkey. As the title suggests this part will be the core of this study by proposing what economic decisions - in the scope of this paper - needs to be taken in the continent for Turkey.

## **2. THE ECONOMIC TOOLS IN QUESTION**

In this paper we investigate the potential opportunities in Africa for Turkey focusing on the subject only in the manner of Foreign Direct Investment (FDI) and Foreign Aid - especially tied aids. The underlying reason for this choice is that both instruments inherent long-term consequences which could play deterministic roles in the countries long-run development achievements.

As a consequence of the globalization process in the last 20 years provided with the free mobility of capital, the effects of FDI can now reach to developed, developing and even non-developed countries. FDI is a component of a country's economy indicating the level of foreign ownership of its productive sides. Most basically FDI is the physical investment of a company from one country to another country. FDI is the investment made by investors from one country to corporations operating outside their own economies with the aim of realizing financial profits. Broadly speaking, FDI can take two forms. In the first one Foreign Direct Investor establishes a genuine, brand new production field either by founding a new company or incorporating a subsidiary with full ownership. In the second form Foreign Direct Investor obtains voting power of an already established corporation in the host country through merger or acquisition.

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) defines foreign aid as projects, cash transfers, deliveries of goods, training courses, research projects, debt relief operations and contributions to non-governmental organizations from one country to another, with the main objective of improving economic development and welfare of the aid recipient country. The DAC classifies aid flows into three main categories. The largest and the most commonly used category of foreign aid is the official development assistance (ODA), which consists of aid provided by donor governments to low and middle-income countries and bears grant element of 25 percent or more. Secondly, governments provide the other official flows (OOF). OOFs are the type of aid flows that do not directly aimed at development or just have a grant element of less than 25 percent. Thirdly, grants from non-government organizations, religious

groups, charities, foundations, and private companies form the private flows (PF) (DAC/OECD, 2010)

Collected data shows that, historically, bilateral aid is much more widely used than multilateral aid. Bilateral aids stream directly from the donor country to the recipient one. On the other hand multilateral aids indirectly provide assistance through international institutions which collect all aid flows in one hand (DAC/OECD, 2010). Regarding all types of aid, bilateral aid is often designed to support the economic interests of certain corporations or industries in the donor country. Multilateral aid is less sensitive to these pressures, but this does not necessitate that it is exempt from them (Radelet, 2006, pp. 6).

Tied aid means that the aid flows to a recipient country must be spent partially or fully - depending on the agreement itself - in the donor country or in a group of countries for meeting the goods and services requirements that the aid project entails (DAC/OECD, 2010). Moreover it can be used to gain preferential access to the recipient country's resources in exchange for some tied parts of aid. Thus tied aid clearly presents a form of aid which provides an effective way of using aid in favor of the donors.

Radelet (2006, pp. 6-7) explains tied aids as follows: "Many donors tie portions of their aid for their advantage by requiring that certain goods and services be purchased from firms in the donors' home country, or that it be used for specific purposes that support groups in the donor countries. Therefore, tying aid can generate more domestic political support for the donors (Radelet, 2006, pp. 6-7)". Tying aid bounds the recipient countries such a way funds must be spent in the donor country. But at the same time as donors would receive back some portion of the funds in different forms, this could in fact generate an output value for the donor economy.

To make the distinction of the usage of the two economic tools mentioned above we can wrap it up with Radelet's own words: (2006, pp. 6) "in general, aid is one of the largest components of foreign capital flows to low-income countries, whereas it is not such a large component to most middle-income countries, where private capital flows are more important". Thus as an answer to the earlier question about using the precise tools in the quest of Africa for Turkey, we can take the country classification by the World Bank (The World Bank, 2010) according to Gross National Income (GNI) per capita as a reference point<sup>2</sup>.

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<sup>2</sup> According to the World Bank's website "the World Bank's main measure for classifying economies is GNI per capita. According to this classification every economy is classified as low income, middle income (subdivided into lower-middle and upper-middle) and high income countries" (the World Bank, 2010).

Therefore, in this study the country classification by the World Bank (The World Bank, 2010) will be used as an indicator of level of development.

As widely accepted view in the FDI literature (i.e. Alfaro et al., 2004; Globerman and Shapiro, 2002) suggests, FDIs would work better in financially and institutionally sound environments. This institutional quality would be reflected in the host countries' development levels. In terms of FDI the more the level of development in the host country, the more financial yield would be reaped from the host country. Consequently, for economies relatively more developed than the rest in the continent, namely in the middle-income countries - both upper-middle and lower-middle income groups - accurate usage of FDI would be a key to realizing financial profits in those countries.

On the other side, for the lower income countries - composed with the majority of the Sub-Saharan Africa - the usage of bilateral tied aids aiming at countries with attractive resources for Turkey would reap long-run political and economical benefits for Turkey. In addition, with the usage of tied aids, donor countries have experienced considerable amounts of expanding in their export performances<sup>3</sup>.

Well handling of these instruments; choosing countries to the purpose and determining the economic tools on the mark would act as a fork-end in the quest for success of a well-equipped Turkey for the long road of development passing through Africa.

### **3. THE CONTINENT AFRICA**

In the last decade, the growth performance of African economies was consistently impressive. The first half of the decade saw a 4.8 per cent average growth for the continent, while in 2006 and 2007 it was above 6 per cent and it was followed by a 5.7 per cent growth score in 2008. However, in 2009 with the impact of global economic crisis, the continent now expects 2.8 per cent growth on average. But the future indicators are hopeful, expecting about a 4.5 growth per cent for the continent in 2010 (African Economic Outlook, 2010).

Effective foreign aid and debt relief programmes, accelerating FDI inflows to the continent, enhanced political and economical stability on average and expanding scope of structural reforms; all contribute to a brighter future expectation for the continent as a whole.

However, Africa has some structural difficulties such as inequalities in income distribution - and its natural consequence the rich-poor gap - widespread poverty, inadequate

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<sup>3</sup> For more detail, see Morrissey et al.; (1992), British Aid and International Trade, Open University Press, Buckingham.

infrastructures, insufficient trade capacities, low levels of domestic savings, funds and investments, lack of institutional quality, common corruption, technological backwardness, and lack of skilled labor force. These features may discourage investors especially in terms of long-term stabilization. Even so, it also presents new opportunities at the same time. After all, with correct policies and appropriate tools on hand, sustainable growth and stability can take place in the continent and mutual benefits can therefore come into existence for Turkey and Africa. This form of South-South cooperation can offer access to an international economic arena resulting advantageous market accesses, technology spillovers, improved terms of trade and financing opportunities for new investments, thus contributing to both parties' levels of development.

Yet before forming such a bonding link, one must carefully investigate what each country potentially offers. For this purpose, as evaluating the continent in two parts with two separate tables would be more informative, first Northern Africa and then Sub-Saharan Africa will be explored in Tables 1 and 2 respectively. Both tables present each country in the respective region with their classification, and GDP growth rates along with their major attractive resources for Turkey. The resource division needs special attention as it embodies grounds for potential prospects for Turkey in the continent. The resource division includes precious metals, energy resources and some rare minerals. As mentioned before, the assessment of the resource division along with other indicators will be held in the last section.

### **3.1. North Africa**

The region has averaged over 5 per cent economic growth in 2007(5.3 per cent) and 2008 (5.8 per cent). In 2009 it is expected to slow down to the level of 3.3 per cent, but in 2010 a hopeful increase to 4.1 per cent is predicted. As a result of the global crisis and consequently the decline of oil and tourism revenues, all North African countries will record slower rates of growth in 2009. With the expected global recovery process in 2010, all countries in the region will gain acceleration in their growth rates. The only two upper-middle income countries - thanks to their oil exporting position - in the region, Libya and Algeria will probably continue to feel the effects of global crisis as in the form of contractions in the oil demands since they lack the diversity of production. Whereas, Morocco and Tunisia - as they have more diversified pattern of production and exports - will be less effected by the impact of global crisis in 2010 (African Economic Outlook, 2010).

*Table 1 - North Africa*

	<i>Country Classification</i>	<i>GDP Growth<sup>4</sup> per cent</i>	<i>Major Attractive Resources<sup>5</sup></i>
Algeria	Upper-Middle Income	3.4 (2009 est.)	Petroleum, natural gas, uranium
Egypt	Lower-Middle Income	4.5 (2009 est.)	Petroleum, natural gas
Libya	Upper-Middle Income	4 (2009 est.)	Petroleum, natural gas
Morocco	Lower-Middle Income	5.1 (2009 est.)	-
Sudan	Lower-Middle Income	3.8 (2009 est.)	Petroleum, tungsten, silver, gold
Tunisia	Lower-Middle Income	0.3 (2009 est.)	Petroleum

### **3.2. Sub-Saharan Africa**

As world's poorest region 30 out of 47 countries in it are low income economies. But this fact does not necessitate that the region will face formidable obstacles for development. On the contrary the region carries the necessary potential to offer prospects. With such vast valuable resources and potential stabilized impressive economic performances Sub-Saharan Africa steps forward for the task. Table 2 presents some interesting findings. According to the table the economic performances of Congo, Rep., Burkina Faso, Djibouti, Ethiopia, Malawi, Rwanda and Senegal are very promising for the future. Among them Congo, Rep., Djibouti and Malawi becomes prominent due to their valuable and important resources. Moreover among these countries except Djibouti all of them are low income countries. This indicates that those countries are in the track to turn into middle-income countries in the very future. On the other hand, most of the higher income portioned countries in the region is badly affected from the global economic turmoil. Botswana, Equatorial Guinea, Gabon and Seychelles all have scored negative growth numbers despite being upper-middle or higher income countries.

<sup>4</sup> All values have taken from CIA World Factbook (CIA World Factbook, 2010).

<sup>5</sup> All values have taken from CIA World Factbook (CIA World Factbook, 2010).



Table 2 - Sub-Saharan Africa

	<i>Country Classification</i>	<i>GDP Growth<sup>6</sup> per cent</i>	<i>Major Attractive Resources<sup>7</sup></i>
Angola	Lower-Middle Income	-0.2 (2009 est.)	Petroleum, diamonds, gold uranium
Benin	Low Income	3.2 (2009 est.)	-
Botswana	Upper-Middle Income	-12 (2009 est.)	Diamonds, silver
Burkina Faso	Low Income	5.2 (2009 est.)	-
Burundi	Low Income	3.8 (2009 est.)	Nickel, uranium, gold
Cameroon	Lower-Middle Income	-1.5 (2009 est.)	Petroleum
Cape Verde	Lower-Middle Income	1.8 (2009 est.)	-
Central African Rep.	Low Income	2.4 (2009 est.)	Diamonds, uranium, gold
Chad	Low Income	-1 (2009 est.)	Petroleum, uranium, gold
Comoros	Low Income	1 (2009 est.)	-
Congo, Dem. Rep.	Low Income	3 (2009 est.)	Petroleum, diamonds, gold, silver
Congo, Rep.	Lower-Middle Income	7.5 (2009 est.)	Petroleum, uranium, gold, natural gas
Côte d'Ivoire	Lower-Middle Income	3.4 (2009 est.)	Petroleum, natural gas, gold, diamonds
Djibouti	Lower-Middle Income	6.5 (2009 est.)	Gold, petroleum
Equatorial Guinea	High Income	-1.8 (2009 est.)	Petroleum, natural gas, gold, diamonds
Eritrea	Low Income	2.5 (2009 est.)	Gold, possible oil reserve
Ethiopia	Low Income	6.8 (2009 est.)	Natural gas
Gabon	Upper-Middle Income	-2.8 (2009 est.)	Petroleum, natural gas, uranium, diamonds
Gambia	Low Income	3.5 (2009 est.)	Titanium
Ghana	Low Income	4.7 (2009 est.)	Gold, diamonds, silver, petroleum,
Guinea	Low Income	-1 (2009 est.)	Diamonds, gold, uranium
Guinea-Bissau	Low Income	3.5 (2009 est.)	Unexploited oil reserve
Kenya	Low Income	1.8 (2009 est.)	-

<sup>6</sup> All values have taken from CIA World Factbook (CIA World Factbook, 2010).

<sup>7</sup> All values have taken from CIA World Factbook (CIA World Factbook, 2010).

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Lesotho	Lower-Middle Income	-0.9 (2009 est.)	Diamonds
Liberia	Low Income	5 (2009 est.)	Diamonds, gold
Madagascar	Low Income	0.4 (2009 est.)	Quartz
Malawi	Low Income	5.9 (2009 est.)	Unexploited uranium reserve
Mali	Low Income	3 (2009 est.)	Gold, uranium
Mauritania	Low Income	1.5 (2009 est.)	Gold, diamonds
Mauritius	Upper-Middle Income	2.1 (2009 est.)	-
Mozambique	Low Income	4.3 (2009 est.)	Titanium, natural gas
Namibia	Upper-Middle Income	0.7 (2009 est.)	Diamonds, uranium, gold, silver, lithium
Niger	Low Income	3.2 (2009 est.)	Uranium, gold, petroleum
Nigeria	Lower-Middle Income	3.8 (2009 est.)	Petroleum, natural gas
Rwanda	Low Income	5.5 (2009 est.)	Gold
São Tomé and Princ.	Lower-Middle Income	4.3 (2009 est.)	-
Senegal	Low Income	5.1 (2009 est.)	-
Seychelles	Upper-Middle Income	-8.7 (2009 est.)	-
Sierra Leone	Low Income	2 (2009 est.)	Diamonds, titanium, gold
Somalia	Low Income	2.6 (2009 est.)	Uranium, possible oil reserve
South Africa	Upper-Middle Income	-1.9 (2009 est.)	Gold, diamond, uranium
Swaziland	Lower-Middle Income	-0.4 (2009 est.)	-
Tanzania	Low Income	4.5 (2009 est.)	Diamonds, gold, natural gas
Togo	Low Income	1.8 (2009 est.)	-
Uganda	Low Income	4 (2009 est.)	Gold
Zambia	Low Income	4.5 (2009 est.)	Gold, silver, uranium
Zimbabwe	Low Income	3.7 (2009 est.)	Gold, lithium

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#### 4. TURKEY

Turkey as an emerging donor country, concentrated her foreign aid activities within last decade. Turkish International Cooperation and Development Agency (TİKA) coordinates the level of ODA flows to selected countries. In 2006 Turkish ODA reached USD 714 millions and USD 25 millions of this amount sent to Africa as ODA. In the year 1999 the Turkish Government initiated activities in line with its “Opening up to Africa” initiative what can be

considered the first example as a form of South-South cooperation in Africa for Turkey. Then 6 years later, Turkey declared 2005 as the year of Africa and the very first TİKA office established in Ethiopia. These developments made it possible to construct the framework of white hope relations with the continent (TİKA, 2010).

On the other hand Turkish FDIs to the continent are still in the rise in parallel to the initiatives of Turkish Government.

Even though our cooperation with Africa was commenced a decade ago, still our ODA and FDI levels to the continent are far away from the necessary levels. As an emerging donor and investor country, Turkey needs to extend its ODA and FDIs to Africa.

Turkey as an emerging economic power in the global world, with its newly industrialized market, foreign trade experience, technological advancements and skilled and young labor force, is ready to extend its area of influence in the global arena. This is a way to avoid the undesirable effects of the global crisis. More specifically in pursuit of stabilized economic growth what Turkey needs is extending the usage of its long-term economic tools - foreign aid and FDI - to places with potential prospects, namely to Africa.

## **5. POTENTIAL LINKS FOR TURKEY IN AFRICA - THE ROADMAP TO AFRICA**

Most of the Northern nations have strong ex-colonial ties with the continent. If we consider the northern part of the continent, these ex-colonial ties would seem much deeper and stronger than they are in Sub-Saharan Africa and maybe because of this reason North Africa would seem relatively more developed than the rest - with the exception of South Africa as a Newly Industrialized Country (NIC)<sup>8</sup> - thus suggesting a welcoming environment for Turkish FDIs. Therefore at the first glance while considering long-term political and economical benefits for Turkey, in terms of foreign aid looking into the Sub-Saharan countries, while in terms of FDIs taking northern part of the continent into consideration could seem attractive. Sub-Saharan Africa offers new opportunities for Turkey in addition to those have already been offered by the northern part of the continent. On the other hand, however, it should not be forgotten that Turkey inherited a great deal of relationships with North Africa from its predecessor, the Empire - as young Turkey's forefathers reigned in most of the northern part of the continent for hundreds of years. Moreover Turkey's Islamic identity and its historic

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<sup>8</sup> South Africa is the only NIC in the continent. She is the only candidate in Africa to be graduated into developed economies.

importance could also been used to strengthen these ties with Muslim Arab or Barber population of the region in favor of Turkey in the long-run.

As Africa offers new prospects for South-South cooperation, she whets some fast growing, predator Asian economies' appetites such as China and India. Moreover the Northern nations long standing are also exploiting profits for themselves. This suggests that Africa will host more economic clashes among nations for the next few decades. As an emerging economic power Turkey needs to take her place in the steps of South-South cooperation ladder. Therefore for Turkey establishing new political and commercial links and strengthening the existing ones are of vital importance. For this purpose Table 3 proposes potential prospects for Turkey in Africa, referring to the information provided by previous sections.

*Table 3 - Suggested Acts*

	<i>Suggested Act</i>
Libya	FDIs to the local energy sector
Algeria	FDIs to the local energy sector, preferential access through tied aids to uranium reserves
Morocco	Tied Aids
Tunisia	Tied Aids
Angola	Tied Aids aiming at preferential access to the country's petroleum, uranium, diamonds and gold reserves
Botswana	FDIs to the precious metal industry, even though the GDP growth rate is negative, consider it as an opportunity to invest
Burundi	Tied Aids aiming at preferential access to the country's uranium reserves
Congo, Rep.	FDIs to the country's petroleum, uranium and gold extraction and production industries. As the country realizing high growth rates, it's a good time to invest
Djibouti	FDIs to the local energy sector
Equatorial Guinea	FDIs to the petroleum industry
Ethiopia	Tied Aids
Gabon	FDIs to the local energy sector, and FDIs to uranium extraction
Guinea-Bissau	Tied Aids, try to obtain preferential rights for unexploited oil extraction
Malawi	Tied Aids, try to obtain preferential rights for unexploited uranium extraction

Namibia	FDIs to the uranium and precious metal extraction industry
Niger	Tied Aids aiming at uranium reserves
Nigeria	FDIs to the local energy sector
Somalia	Tied Aids aiming at petroleum and uranium reserves
South Africa	FDIs
Zambia	Tied Aids aiming at precious metals and uranium reserves

As Table 3 suggests aiming at relatively more unexploited resources, using FDIs in relatively more developed countries and using tied aids for the countries that have future potential would be expected to generate financially profitable results for Turkey.

Turkey, as an emerging economic power, is on the verge of constructing nuclear power plants and benefit from the nuclear energy. Thus the importance of uranium reserves should be well understood. Being primary resource for the nuclear energy, gaining preferential access to uranium reserves through tied aids would be more than beneficial for Turkey.

As mentioned before, for Turkey insisting on linkages with more developed countries than Turkey not only would contribute to the North-South Gap, but also make it harder for Turkey to reap financial profits from such commitments. Moreover these would not be the only setbacks that Turkey faces with. Unfavorable trade agreements and terms of trade, increasing trade deficit and foreign debt, even imposing limitations to sovereignty would be in line while years to come.

Turkey has a long history with its predecessor's capitulations. It was these agreements bring the once glorious world power Ottoman Empire to her knees and turn it into a de facto colony state. In fact the young Turkish Republic inherited a debt burden as a consequence of the Empire's capitulation agreements. This sole experience should have taught Turkey a valuable lesson. When it comes to industrialization and development, any attempt to be a follower is condemned to fail, instead success in the long road of development lies in being a leader.

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