

ASIA A NEW INITIATIVE OF TURKEY AND IMPACTS ON DEFENSE INDUSTRY

DİREN DOĞAN

SETA | ANALYSIS

MAY 2022 NO.79





ASIA ANEW INITIATIVE OF TURKEY AND IMPACTS ON DEFENSE INDUSTRY

DİREN DOĞAN



COPYRIGHT © 2022 by SETA

All rights reserved.

No part of this publication may be reprinted or reproduced or utilized in any form or by any electronic, mechanical or other means, without permission in writing from the publishers.

The conclusions and recommendations of any SETA Foundation publication are solely those of its author(s), and do not reflect the views of the Institution, its management, or its other scholars.

SETA Yayınları

ISBN: 978-625-7712-96-5

Layout: Said Demirtaş

Printed in Turkey, İstanbul

by Turkuvaz Haberleşme ve Yayıncılık A.Ş., 2022

SETA | SİYASET, EKONOMİ VE TOPLUM ARAŞTIRMALARI VAKFI

Nenehatun Cd. No: 66 GOP Çankaya 06700 Ankara TÜRKİYE

Tel: +90 312 551 21 00 | Faks: +90 312 551 21 90

www.setav.org | info@setav.org | @setavakfi

SETA | İstanbul

Defterdar Mh. Savaklar Cd. Ayvansaray Kavşağı No: 41-43

Eyüpsultan İstanbul TÜRKİYE

Tel: +90 212 395 11 00 | Faks: +90 212 395 11 11

SETA | Washington D.C.

1025 Connecticut Avenue, N.W., Suite 1106

Washington D.C., 20036 USA

Tel: 202-223-9885 | Faks: 202-223-6099

www.setadc.org | info@setadc.org | @setadc

SETA | Berlin

Kronenstraße 1, 10117 Berlin GERMANY

berlin@setav.org

SETA | Brussels

Avenue des Arts 27, 1000 Brussels BELGIUM

Tel: +3226520486

CONTENTS

SUMMARY	7
INTRODUCTION	8
ASIA ANEW INITIATIVE IN ALL ITS ASPECTS	8
INCREASING DEFENSE INDUSTRY EXPORTS TO SOUTHEAST ASIA	10
REPUBLIC OF INDONESIA	10
MALAYSIA	11
REPUBLIC OF PHILIPPINES	12

AUTHOR

Diren Dođan

Diren Dođan completed her undergraduate education at Suleyman Demirel University's Department of International Relations in 2016. She graduated from the International Relations Department of the same university with her thesis titled "Territorial Disputes in Terms of the South China Sea and the Republic of China's Regional Policy." During her doctoral studies, she was awarded the Taiwan MOFA Scholarship given by the Taiwanese Ministry of Foreign Affairs and was a visiting scholar at the National Chengchi University Taiwan Center for Security Studies (TCSS) in 2021 to conduct research in Taiwan. In the same year, she published the book "Boiling Waters in International Relations: The South China Sea." Working at Alanya Alaaddin Keykubat University since 2020, Dođan is also a member of the Finland-based Hybrid Threat Combat Center of Excellence (Hybrid-CoE) expert pool, established in the NATO-EU partnership. The security complexes in the Pacific region, the South China Sea conflict, the Taiwan issue, gray zone strategies, and hybrid threats are among her research interests.

SUMMARY

Turkey, the European in the westernmost part of Asia and the Asian in the easternmost part of Europe.

The 11th Ambassadors Conference held in 2019 attracted attention due to the announcement of an important initiative in terms of Turkish foreign policy. The “Asia Anew Initiative” announced by Foreign Minister Mevlüt Çavuşoğlu is an important statement emphasizing the existence of the “Asia” axis in Turkish foreign policy from past to present, especially in recent years when the concept of “the rise of Asia” has been frequently mentioned.¹ In parallel with the Asia Anew Initiative, which presents a vision of Turkey’s strategies toward the Asian continent, Turkey has made breakthroughs in the defense industry, especially in the Asian continent. These breakthroughs provide an important example of bringing sectoral achievements to a higher level supported by diplomatic strategies. This analysis initially provides a basic scope for the Asia Anew Initiative, which has been followed with interest due to the fact that it has not yet published a policy document. Again, it examines the aims of Asia, its contributions to international politics, its differences from the strategies toward Asia produced by different actors, and its relationship with the basic dynamics of Turkish foreign policy. Secondly, it analyzes the strategic fit between the Asia Anew Initiative and the Turkish defense industry by examining the sector successes realized in parallel with the interest of the Turkish defense industry in the Southeast Asian region, which is one of the sub-regions focused on by the Asia Anew Initiative.

¹ Asia Anew, Republic of Türkiye Ministry of Foreign Affairs, <https://eski.mfa.gov.tr/asia-anew-initiative.en.mfa> (Access Date: May 14, 2022).

INTRODUCTION

Asian geography has hosted many civilizations in history, is called the cradle of civilizations and has produced many building blocks for humanity to reach the level of development today. The rise of this geography, especially in economic, cultural, political, and military terms, introduced a new “Asian Century” narrative. These narratives have resulted in countries that want to take advantage of the opportunities offered by the region, directing their foreign policy axes toward the Asian region and declaring their strategies for the region within the framework of this axis. The process of focusing on the Asia-Pacific region, which started with the Asia-pivot policy of the U.S., was set on a roadmap with the Indo-Pacific Strategy Document published in February. Many countries, such as Germany, the United Kingdom, and France, have shared their strategy documents with the public in recent years and announced the purpose, scope, and ideals of their strategies for the region. On

the other hand, Turkey, defined by policymakers as “*The European in the westernmost part of Asia and the Asian in the easternmost part of Europe,*” emphasizes its difference in the Asian competition in which global actors participate with the following arguments: Turkey, with its roots and all aspects, has been an Asian country at every stage of history. Turkish foreign policy, which is influenced by Asian, European, and Middle Eastern cultures due to its geographical location, is also positioned at an important point on the global plane due to its role as a bridge between Asia and Europe.

ASIA ANEW INITIATIVE IN ALL ITS ASPECTS

Since it was announced, the Asia Anew Initiative has raised several questions, including, “Is there an axis shift in Turkish foreign policy?” In this context, it may be said that the initiative is a multilateral move that depends on the continuation of the Western-oriented policies initiated in the 16th century. Besides, the Asia Anew Initiative aims to take advantage of the opportunities offered by the region and the challenges it contains, in parallel with the rising position of Asia. This argument can be found in the document for the year 2022 prepared by the Ministry of Foreign Affairs to be submitted to the Turkish Grand National Assembly.¹ In addition, President Erdoğan, in his statement on the Ukraine crisis in February, underlined that Turkey has been a European country since the first century of the Ottoman Empire. In this direction, it is possible to say that while preserving the Western priority in Turkish foreign policy, it aims to fur-

¹ 2022 Yılına Girenken Girişimci ve İnsani Dış Politikamız, 2022 Budget Proposal Booklet of the Ministry of Foreign Affairs, 4 November 2021, https://www.mfa.gov.tr/site_media/html/2022-yilina-girenken-girisimci-ve-insani-dis-politikamiz.pdf (Access Date: May 14, 2022)

ther strengthen the ties with Asia from the past through multilateral diplomacy.

On the other hand, it is claimed that it would be a rather low-level analysis to consider Turkey's Asia Anew Initiative a win-win-focused mechanism established only between Asian countries and Turkey. According to this view, Turkey's historical and geographical ties with Asia support the West's policies and relations with Asia. At the same time, Turkey's experiences as a result of its relations with the West provide a vision for the relations of Asian countries with the West. In this framework, the bridge role in the emerging triple win-win-win system is maintained by Turkey. Particularly taking into consideration the Asia-Pacific region's colonial past, it is seen that attention is paid to Turkey's image, which has not been associated with colonial activity, seeks a mutualist relationship rather than pragmatics, and emphasizes that it is far from seeking political influence in terms of discourse and practice. As a matter of fact, as a country with the world's fifth-largest diplomatic network, considering the 30 embassies, 24 consulate generals, different state representatives, and other commercial actors in Asia, the threat perception created by Turkey with its vision of an "Enterprising and Humanitarian Foreign Policy" is quite low. Parallel to these developments, when the diplomatic relations established by Turkey in the Asian continent are looked at in terms of countries and in addition to the relations developed at the high-level strategic cooperation council level in Azerbaijan, Georgia, Pakistan, Uzbekistan, Kazakhstan, and Kyrgyzstan, it is seen that relations at the level of strategic partnership have been established with Indonesia, Malaysia, Japan, Singapore, and South Korea. In commercial relations, it is seen that there is an effort to increase the number of free trade agreements signed with Malaysia,

Singapore, South Korea, and Georgia, as well as similar agreements that are in the process of consultation with Japan, Indonesia, and Thailand.

Turkey's historical and geographical ties with Asia support the West's policies and relations with Asia.

When Asia is mentioned, the Association of Southeast Asian Nations (ASEAN) comes to mind first. ASEAN is a strong player in the region with its member states of the RCEP agreement, which came into effect on Feb. 1 and covers around 30% of global GDP with its huge economic capacity. Continuing its relations with ASEAN on the axis of a "sectoral dialogue partner," Turkey follows policies to rise to the level of a dialogue partner. On the other hand, relations with the People's Republic of China, which is a closely watched actor in the global system with the policies it carries out and the perception of rising power it creates, proceed in line with the win-win principle, just as China often emphasizes. Turkey, which coordinates the trade networks it has established with the "Middle Corridor Initiative" thanks to its long-term relations with Asia, is also the main executive of this initiative. The Middle Corridor Initiative is designed to add added value to the Belt and Road Initiative, which is described as the "*Project of the Century*" by China. At this point, it should be underlined that besides the high potential of the People's Republic of China, the Asia Anew Initiative aims to provide mutual benefits from the potential offered by the whole of Asia by addressing multilateralism, not "China-centeredness." This gigantic geography, stretching from Turkey to the Pacific Ocean, from the Arctic Sea to the Indian Ocean, is at the center of the Asia Anew Initia-

tive with all its sub-regions. At the same time, sensitivity is shown to ensure that the strategies developed for each region are based on mutual benefit, as it is constantly emphasized. The steps taken within the framework of these targets have allowed the relatively new Asia Anew Initiative to blossom forth faster than expected since it was announced in 2019.

INCREASING DEFENSE INDUSTRY EXPORTS TO SOUTHEAST ASIA

Ibn Khaldun's phrase "*geography is destiny*," which is frequently cited in the discipline of international relations, is one of the leading quotes that can be used to explain the development of the Turkish defense industry sector. Turkey is located in very difficult geography. As a country that aims to be affected by these crises at a minimum level at the intersection of regional crises, one of the most important instruments used in Turkish foreign policy is deterrence. Deterrent power is an important tool that reduces the risk of war by minimizing the effects of such crises and, in a way, serves peace. In this context, the remarkable breakthrough that the Turkish defense industry has made in recent years is shaped in line with the crises that have occurred in its region.

In this context, it is important to remember the instability experienced by Syria took place in Turkey's 877-kilometer-border neighbor, Turkey's security problems caused by the migration wave created by the Afghanistan crisis and the security concerns created by the mines dragged into Turkish waters during the Ukraine crisis despite the absence of a land border. Considering that the first steps of Turkey's domestic and national defense industry initiative were taken with the Johnson Letter received during the Cyprus

dispute, regional crises have created a "*whiplash effect*" in the Turkish defense industry.

At the point reached today, it is seen that Turkish defense industry companies are among the preferred suppliers in the international arena, especially in terms of defense and security technologies. In addition to the effects of the successes achieved in the field while tackling regional crises at the table, it is seen that the process has turned into an opportunity for Turkey, despite the difficulties caused by the COVID-19 pandemic in global supply chains. Turkey has come out of a period when it was a market country in the field of defense and at the same time entered a lucrative period with its role as an exporter country. This situation is evident not only in the increasing export figures but also in the diversified number of demands from a growing number of countries. The increase in the field of the defense industry between Southeast Asian countries and Turkey in recent years, in particular, has drawn attention. The active and potential market network, which includes Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Malaysia, is also expanding day by day with the Asia Anew Initiative and diplomatic activities focused on the region.

REPUBLIC OF INDONESIA

In this context, Indonesia is an important factor in terms of the Turkish defense industry, due to the wide export capacity and the high potential for joint projects among Southeast Asian countries. The memorandum of understanding signed for the production of a medium-class tank in June 2014 with the joint venture of the two countries was elevated to the next level with the "Midweight Class Tank Mass Production and Cooperation Agreement" at the IDEF fair in 2019, and finally, in March 2022, Kaplan MT

(Harimau) medium-class tanks were delivered. In 2022, the ADVENT Combat Management System was delivered by HAVELSAN to be used in the new offshore patrol ships of the Indonesian Navy. In the following period, an Acoustic Torpedo Countermeasure Jammer was delivered by ASELSAN for the submarines in the Indonesian Naval Forces Command inventory. Secondly, a 30 mm MUHAFIZ Remote Controlled Stabilized Gun System was exported to the Indonesian Coast Guard Command (BAKAMLA). In this direction, when looking at the distribution of Turkey's export capacity to Indonesia by years, in the first 10 months of 2019, defense and aviation industry exports, which were at the level of \$377,000, increased to \$27.1 million in the same period of 2020. It is seen that the export capacity, which was \$2.311 million in the first quarter of 2021, reached \$10.661 million in the same quarter of 2022 with an increase of 361.3%.²

MALAYSIA

In Malaysia, which is the showcase of Turkish defense industry products among Southeast Asian countries, the variety of products supplied by Turkish companies draws attention. The domestic production breakthrough initiated by the company ASELSAN MALAYSIA, which ASELSAN established in Malaysia in 2017, attracted a lot of attention in Malaysia. In this context, the 30 mm MUHAFIZ Remote Controlled Stabilized Gun System produced by ASELSAN for the Malaysian Coast Guard was delivered in 2018. The cooperation between the two countries in the field of the defense industry increased further after President Recep Tayyip Erdoğan, who went to Malaysia on the occasion of the Kuala Lum-

pur Summit in 2019, met with Malaysian Prime Minister Mahathir Muhammed. This meeting resulted in 14 different memoranda of understanding (MoU) signed between the defense and technology companies of the two countries. The cooperation network established in the field of defense increased even more in 2021. First, Turkish Aerospace Industries Inc. (TAI) visited Malaysia; second, a cooperation agreement was signed with Kuala Lumpur University in the field of aviation; and finally, the TAI Malaysia Office was opened at the end of the same year. Today, news about the sale of ANKA unmanned aerial vehicles developed by TAI and HÜRJET trainer/light attack aircraft to Malaysia occupies the agenda.

Turkey has come out of a period when it was a market country in the field of defense and at the same time entered a lucrative period with its role as an exporter country.

On the other hand, FNSS, which has strong ties with Malaysia and is Turkey's first private defense industry company, draws attention through the products it exports to Malaysia in terms of land platforms and through the role it plays in turning Malaysia's attention to Turkey in the field of the defense industry. The commercial relations that started with the ADNAN Project in 2000 continued with the 8x8 Wheeled Armored Vehicle (AV-8) project in 2011, the sale of the tracked Armored Combat Vehicle (ACV-300 ADNAN), and the 120 mm armored combat vehicle mortar carriers to the Malaysian Armed Forces. In a documentary prepared by the Malaysian National News Agency (BERNAMA) in 2022 about the Malaysian 4th

² Turkey Exporters Assembly Sectoral Export Reports by Country, <https://tim.org.tr/ihracat-rakamlari> (Access Date: 26 March 2022).

Mechanized Brigade, Turkish-made ACV-300 ADNAN and AV8 Gempita vehicles of the Malaysian Army were featured. This has contributed to the increase in the international prestige of Turkish brands. Accordingly, the export share of the Turkish defense industry to Malaysia, which was \$1,945,450 in the first quarter of 2021, was recorded as \$2,256,510 with a 34.7% growth in the same quarter of 2022.³ This cooperation in the field of defense, guided by the historical ties between the two countries, continues with the intense participation of Turkish companies in industry fairs held in Malaysia and diplomatic visits in parallel with the Asia Anew Initiative.

Southeast Asia Counties are economically dependent on China, but they are trying to balance the emerging Chinese-originated regional security concerns with the U.S.' investments in the field of defense.

REPUBLIC OF PHILIPPINES

Undoubtedly, the biggest success for the Turkish defense industry in the first quarter of 2022 was the export of the T129 ATAK Helicopter to the Philippines, with an export increase of 28,202% and a successful delivery story. The Philippines, which purchased six ATAK helicopters for approximately \$280 million, is the second country after Turkey to start using ATAK helicopters. This situation enables Turkey to prove itself in the defense and aerospace sector, especially in the Southeast Asian region and generally all over the

world. On the other hand, in addition to the two ATAK helicopters delivered to the Philippine Air Force in April, a contract was signed between FNSS and the Philippines Ministry of Defense in 2020 as part of the Philippine Army's modernization program. In this contract, an agreement was reached on the supply of various logistic support services, including Amphibious Armored Combat Construction Equipment (AZMİM) vehicles and a one-man turret. The commercial cooperation between the Philippines, which is a strategic actor in the power struggle in the Asia-Pacific region, especially between the U.S. and China, offers a different reflection of the versatility targeted by the Asia Anew Initiative.

This balance, which can be easily seen in the Philippines, actually spreads throughout the geography. These countries are economically dependent on China, but they are trying to balance the emerging Chinese-originated regional security concerns with the U.S.' investments in the field of defense. At this point, Turkish defense industry products offer an invaluable resource in terms of price performance for Southeast Asian countries that want to ensure supply diversity. At the same time, the possibilities provided by the products of Turkish companies that adopt turnkey product production or a solution-oriented approach to problems instead of providing single products increase their preferability. In line with the Asia Anew Initiative, the export breakthroughs examined in Southeast Asia have encompassed the entire Asian geography. Reaching a wide market from Pakistan to South Korea, from Kyrgyzstan to Azerbaijan and Ukraine, Turkish defense industry products have gained the advantage of proving themselves and presenting their "combat-proven" competence to international circles, especially by using them in the operations carried out by these countries. As a result of the motto of the Turkish Foreign

³ Turkey Exporters Assembly Sectoral Export Reports by Country, <https://tim.org.tr/ihracat-rakamlari> (Access Date: 3 April 2022).

Ministry, “Strong diplomacy on the ground and at the table,” the harmony created by the Turkish Defense Industry with the Asia Anew Initiative is important from different perspectives. This harmony is applied especially in the Asian continent, which is considered the rising value of the future, as well as in economic deterrence, military containment, maintaining a policy of balance between opposing alliances or active neutrality, etc. It adds another dimension

to the strategies. In 2022, the rate of exports to the Asian continent in the field of the defense and aerospace industry has gained serious momentum with an increase of 766.4% compared to the previous quarter. Policies that Turkey will continue in an integrated manner with Asia are followed with sensitivity by global actors in parallel with this development.⁴

⁴ Turkey Exporters Assembly Sectoral Export Reports by Country, <https://tim.org.tr/ihracat-rakamlari> (Access Date: 3 April 2022).

ASIA ANEW INITIATIVE OF TURKEY AND IMPACTS ON DEFENSE INDUSTRY

DİREN DOĞAN

SETA | ANALYSIS

The 11th Ambassadors Conference held in 2019 attracted attention due to the announcement of an important initiative in terms of Turkish foreign policy. The “Asia Anew Initiative” announced by Foreign Minister Mevlüt Çavuşoğlu is an important statement emphasizing the existence of the “Asia” axis in Turkish foreign policy from past to present, especially in recent years when the concept of “the rise of Asia” has been frequently mentioned. In parallel with the Asia Anew Initiative, which presents a vision of Turkey’s strategies toward the Asian continent, Turkey has made breakthroughs in the defense industry, especially in the Asian continent. These breakthroughs provide an important example of bringing sectoral achievements to a higher level supported by diplomatic strategies. This analysis initially provides a basic scope for the Asia Anew Initiative, which has been followed with interest due to the fact that it has not yet published a policy document. Again, it examines the aims of Asia, its contributions to international politics, its differences from the strategies toward Asia produced by different actors, and its relationship with the basic dynamics of Turkish foreign policy. Secondly, it analyzes the strategic fit between the Asia Anew Initiative and the Turkish defense industry by examining the sector successes realized in parallel with the interest of the Turkish defense industry in the Southeast Asian region, which is one of the sub-regions focused on by the Asia Anew Initiative.

www.setav.org

ANKARA • İSTANBUL • WASHINGTON D.C. • BERLIN • BRUSSELS