



TURKEY

Turkey is a country of some 65 million people with the world's 16th-largest economy, but the focus of Canadian interest will be the 10 to 15 million or so Turkish consumers in the major urban areas of western Turkey (Istanbul, Ankara and Izmir) who have a lifestyle and standard of living that approaches a western European level.

Notwithstanding significant structural problems (notably inflation, high public debt and the slow pace of privatization) until recently, Turkey sustained the highest growth rate in the Organization for Economic Co-operation and Development — between 7% and 8% annually during the period 1995 to 1997. Despite the recent shrinkage of the Turkish economy following the Russian economic crisis and the 1999 earthquakes in the industrial heartland of northwestern Turkey, overall prospects remain promising as a result of both Turkey's Customs Union with the European Union (which came into effect on January 1, 1996), and its increasingly important role as a gateway to the emerging markets and natural resources of the Caucasus and Central Asia (with the advantage of geographical proximity reinforced by linguistic ties with many of the former Soviet republics in the region).

Bilateral trade between Canada and Turkey increased almost threefold during the period from 1991 to 1998, rising from \$166 million in 1991 to \$473 million in 1998. However, by the end of 1999, bilateral trade between Canada and Turkey dropped slightly to \$465 million, due primarily to the contraction of the Turkish economy following the Russian economic crisis and the loss of productive capacity following the devastating August 1999 earthquake. The bulk of Canada's exports to Turkey are commodities such as coal, lentils, wheat, wood pulp, telecommunication equipment and parts, newsprint paper, road graders, cinematographic projectors, plastic tubes, passenger cars, furniture, pharmaceutical products,

beverages, and iron and steel products. Telephone components normally account for a significant portion of Canadian exports to Turkey and form part of the foreign inputs for the Nortel joint venture (Netas) production facility in Istanbul.

The range of Canadian exports is expanding, and at the same time the export of Canadian services to Turkey is increasing, especially in the field of consulting engineering. Currently, one of the most visible Canadian exports in this area is the Ankara Metro Project constructed by SNC-Lavalin and Bombardier/UTDC. With the signing of the Memorandum of Understanding on Bilateral Co-operation in the Energy Sector between Canada and Turkey in September 1998, considerable potential was created for a substantial increase in Canadian exports of consulting engineering and infrastructure construction services to Turkey. Turkish companies offer good possibilities for third country co-operation, as several of them are aggressively pursuing business opportunities in the region, which includes the Middle East, Russia and the former Soviet Union States.

