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MASTER’S THESIS

**FOREIGN TRADE BETWEEN TURKEY AND CHINA: A
SURVEY OF HOW TURKISH FIRMS DO BUSINESS IN
CHINA**

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İZMİR-2019

APPROVAL PAGE



DECLARATION

I hereby declare that this master's thesis titled as "Foreign Trade Between Turkey And China: A Survey Of How Turkish Firms Do Business In China" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

.../.../2019

Merve İlem YILDIZ

ABSTRACT

Master's Thesis

Foreign Trade Between Turkey And China: A Survey Of How Turkish Firms

Do Business In China

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Department Of International Business and Trade

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In the globalizing world, trade is one of the most important tools that countries use to build relationships with each other. From this point of view, it is important to examine the commercial relations in detail in order to understand the position of Turkey in the world. The studies, conducted in order to examine the trade dynamics of the countries with important economies in the world in terms of economic relations, and the studies conducted for the purpose of development of Turkey, make great contributions. For this reason, there are many academic studies in which Turkish commercial relations are examined in detail. In the study, it will examine trade relations between China and Turkey. In this respect, the economic development stages of the People's Republic of China were discussed in detail. In the first part of the study, the economic development of the People's Republic of China through the economic models it has been using since its foundation has been examined. In order to make the economic developments more comprehensible, the political processes that prepared the basis for the preference of the economic models examined are also detailed in the first chapter.

After a detailed examination of the economic structure of the People's Republic of China, the Chinese economy was evaluated in terms of trade relations. For this purpose, the position of the business structure and commercial activities of the People's Republic of China in world trade has been examined. In addition, in order to understand the foreign trade dynamics of the

country, import and export preferences were also analyzed and their relations with the economic communities in the world were elaborated. Turkey's economic structure in a similar manner after the analysis of the Chinese economy has also been analyzed in detail. The commercial relation between Turkey and China is intended to be clearer with the information obtained as a result of detailed reviews.

In the last section, statistical analyzes were made by using the data obtained from surveys conducted with Turkish firms in China. These surveys reveal the experience of Turkish firms in trading with Chinese companies. The information gathered from this study will not only shed light on the development of the commercial relations of Turkish firms engaged in trade with China, but also will be a source for Turkish companies wishing to trade with China. Academically, the study provides detailed information in order to strengthen Turkish economic position in the world.

Keywords: Import, Export, Turkey, China, Trade Deficit

ÖZET

Yüksek lisans Tezi

**Türkiye-Çin Arasındaki Dış Ticaret: Türk Firmalarının Çin'de Nasıl İş
Yaptıklarına İlişkin Bir Araştırma**

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Dış Ticaret Programı

Globalleşen dünyada, ülkelerin birbirleriyle ilişki kurmada kullandığı en önemli araçlardan birisi ticarettir. Bu açıdan bakıldığında Türkiye'nin dünyadaki yerini anlamak açısından ticari ilişkilerinin detaylı incelenmesi önem arz etmektedir. Ekonomik ilişkiler özelinde ülkemizin dünya için önemli ekonomilere sahip ülkeler ile olan ticaret dinamiklerinin detaylı incelenmesi için yapılan çalışmalar, ülkemizin gelişmesi adına büyük katkılar sunmaktadır. Bu nedenle, Türkiye'nin ticari ilişkilerinin detaylı incelendiği birçok akademik çalışma yapılmaktadır. Çalışma kapsamında, Çin ve Türkiye arasındaki ticari ilişkiler incelenecektir. Bu doğrultuda, ilk olarak Çin Halk Cumhuriyeti'nin ekonomik gelişim aşamaları tarihsel açıdan detaylı bir şekilde ele alınmıştır. Çalışmanın ilk bölümde Çin Halk Cumhuriyeti'nin kuruluşundan günümüze geçen sürede kullandığı ekonomik modeller üzerinden ekonomik gelişimi incelenmiştir. Ekonomik gelişmelerin daha anlaşılır olması amacıyla, incelenen ekonomik modellerin tercih edilmesine zemin hazırlayan siyasal süreçler de ilk bölümde detaylandırılmıştır.

Çin Halk Cumhuriyeti'nin ekonomik yapısının detaylı incelenmesinin ardından Çin ekonomisi ticari ilişkiler açısından değerlendirilmiştir. Bu amaçla, ilk olarak Çin Halk Cumhuriyeti'nin ticaret yapısı ve ticari faaliyetlerinin dünya ticaretindeki konumu incelenmiştir. Ayrıca ülkenin dış ticaret dinamiklerini anlamak için ithalat ve ihracat tercihleri de analiz edilmiş ve dünyadaki ekonomik topluluklarla olan ilişkileri detaylandırılmıştır. Çin

ekonomisinin analizinin ardından benzer şekilde Türkiye'nin ekonomik yapısı da detaylı bir biçimde analiz edilmiştir. Bu detaylı incelemelerden elde edilen bilgilerle, bir sonraki adımda incelenen Türkiye ve Çin'in ticari ilişkilerinin daha anlaşılır olması hedeflenmiştir.

Son bölümde ise Çin'de bulunan Türk firmaları ile yapılan anketlerden elde edilen veriler kullanılarak istatistiksel analizler yapılmıştır. Bu anketlerde katılımcı firmaların yapısal özellikleri, ticari faaliyetlerinde Çin'i tercih etme nedenleri, Çin ile yaptıkları ticaret sonucunda edindikleri bilgiler sorgulanmıştır. Bu çalışma sonucunda elde edilen bilgiler, Çin ile ticaret yapan Türk firmalarının ticari ilişkilerinin geliştirilmesine ışık tutacak olmasının yanı sıra, Çin ile ticaret yapmak isteyen Türk firmaları için kaynak olma özelliği taşımaktadır. Akademik olarak ise, bu çalışma, ülkemizin gelişmesinde ekonomik anlamda dış ticaret açısından dünyadaki yerinin sağlamlaştırılması adına atılan adımlardan birisidir.

Anahtar Kelimeler: İthalat, İhracat, Türkiye, Çin, Ticaret Açığı

**FOREIGN TRADE BETWEEN TURKEY AND CHINA: A SURVEY OF
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INTRODUCTION

China, as the fastest growing country across the world, has been gaining attention for about three decades not only due to its state-backed economic growth but also its social and political dynamics. Turkey is, though not as fast as China, another growing and developing country, which attempts to build a strong economic tie with China. Similar to China, Turkey's economic growth history dates back to 1980s in which liberalization policies were adopted. Afterwards, Turkish economy has continued growing realizing some ups and downs.

According to data, the Chinese economy has become the second largest economy around the world following the United States. Gross Domestic Product (GDP) of China in 2016 reached to \$ 11 trillion, recording 1.8 % more growth than the previous year. China experienced an inflation with 2.1% and unemployment with 4.04%. Total imports of China amounted to US \$ 1.6 trillion, its total exports US \$ 2.2 trillion and the total foreign trade volume is US \$ 3.95 trillion¹. By the end of 2015, China's main export partners were the US with 410 billion US dollars, Hong Kong with 334 billion US dollars, Japan with 135 billion US dollars and South Korea with 101 billion US dollars². The exported products were electrical devices for wire telegraphy, automatic data processing machines, electronic integrated circuits, lighting devices. Major import partners were South Korea with 174 billion US Dollars, USA with 150 billion US Dollars and Taiwan with 145 billion US Dollars³. Import products are electronic integrated circuits, crude oil, iron ores and concentrates, and electrical devices for wire telegraphy.

Geographically China has borders with 14 countries. According to the statistics of the China Statistical Institute, the population is 1.37 billion and 91.6% of the population is Chinese, with Han origin, forming different group of minorities⁴. Under the Chinese constitution, there are 22 provinces, 5 autonomous regions, 4

¹ National Bureau of Statistic China. (n.d.). China Statistical Yearbook-2016. Retrieved January 27, 2017, from <http://www.stats.gov.cn/tjsj/ndsj/2016/indexeh.htm>.

² ITC. (n.d.). List of importing markets for a product exported by China. Retrieved January 27, 2017, from http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx

³ ITC. (n.d.). List of supplying markets for a product imported by China. Retrieved January 27, 2017, from http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx

⁴ National Bureau of Statistic China. (n.d.). 2-1 Population and Composition, Statistical Yearbook 2016. Retrieved January 27, 2017, from <http://www.stats.gov.cn/tjsj/ndsj/2016/indexeh.htm>

municipalities and 2 special administrative regions⁵. China has a strong history dating back to 4000 BC. However, of course, this research does not go this far and only covers the periods between 1900 and 1940, the Communist Party and the Mao Zedong period between 1949 and 1976, Deng Xiaoping between 1978 and 1989, and the modern Chinese era.

Historians of the People's Republic of China describe that there are four important turning points in Mao Zedong era. The first period was the period of civil war, corresponding the period between 1949 and 1952. Additionally, the second period, which occurred between 1953 and 1957, is the period in which the Soviet model was taken as an example for economic development. The third period was the period of the Great Movement of Great Husbands from 1958 and 1965. Finally, the fourth period was the period of the Cultural Revolution between 1966 and 1976. After Mao Zedong era, Deng Xiaoping became the leader of the Chinese Communist Party which was a turning point for Chinese economic history, since Deng Xiaoping followed a free market policy.

Economic and trade relations of China with Turkey first started in July 1974 with a bilateral agreement between Turkey's Foreign Relations Minister and China's Foreign Trade Minister. Since then, political and economic relations have been raised to the level of mutual strategic cooperation. In 2009, an official visit from Turkey to China was paid. During the following years, various meetings were held at the Prime Ministry and Ministry level. 2011 was celebrated as the 40th anniversary of the diplomatic relations of the two countries⁶. In 2012, "Chinese day" was declared in Turkey and the following year was declared as a "Turkish day" in China. In 2015, seven trade agreements including Silk Road Economy Belt and 21st Century Marine Silk Road, Railway Cooperation and food trade were signed.

Turkish business has discovered the potential of China with huge domestic market and great global competition conditions. According to a comprehensive data provided by the Central Bank as of October 2016, Turkey has made a total of \$ 173

⁵ China Daily Online. (2005, March 03). Ethnicity prized and prospering Preface. Retrieved from http://www.chinadaily.com.cn/english/doc/2005-03/01/content_420608.htm

⁶ Türkiye Dış İlişkileri Bakanlığı. (2015). Türkiye-Çin Halk Cumhuriyeti Siyasi İlişkileri. Retrieved January 27, 2016, from <http://www.mfa.gov.tr/turkiye-cin-halk-cumhuriyeti-siyasi-iliskileri.tr.mfa>

million investments in China⁷. Compared with other countries, it is seen that Turkey's investments in China are low. The most important reason for the low amount of this investment is the cost disadvantages, market hunters and high taxes in China. However, despite all these problems, China has a promising economy with investment potential. Therefore, China should be shown more interest in terms of investment.

Turkey has been working with various associations and business councils in order to increase its foreign trade volume. The main associations that Turkey works with are TUSIAD (Turkish Industrialists' and Businessmen's Association), TÜÇSİAD (Turkish-Chinese Industrialists' and Businessmen's Association), TÜÇİAD (Turkish People's Republic of China Businessmen) Friendship and Solidarity Association), China Business Association (China Business Development and Friendship Association) and MUSIAD (Independent Industrialists and Businessmen Association). Various meetings and events have been organized with the participation of public and private industries, civil society and academic institutions and efforts are spent to strengthen the relations.

Therefore, the aim of this thesis is to enlighten the way of Turkish firms both trade with Chinese companies and desire to trade with China not only for improving Turkey's economic power in global arena by investigating experience of Turkish firms but also for contributing the development of Turkish-Chinese trade relation. In order to reveal the experiences of Turkish firms with Chinese firms, a survey with 55 respondents has been conducted. The population of the survey includes the Turkish firms doing business with Chinese firms. The survey aims to reveal the current status of Turkish firms' commercial relationship with China. Scales in the questionnaire form used in the research were prepared considering the previous researches. The online questionnaire form includes detailed questions about company and demography of company owners. The questions aim to uncover the reasons of Turkish companies doing business with China and the problems they encountered while doing business. The data of the survey is interpreted using Microsoft Excel and SPSS. The results of the study indicated that Turkish firms prefer Chinese firms due to their product diversifications and comparatively lower prices. On the other hand, the results

⁷ Atlı, A. (2016). *Asya Yüzyılında Ejder ve Hilal*. İstanbul, Ankara: Dış İlişkiler Ekonomik Kurulu, İstanbul, Aralık 2016, s.7

showed that the major problems that Turkish firms encountered while doing business with Chinese firms are legal and logistics problems.

The study consists of three parts. The first part outlines the economic reasons behind China's economic success. The second part examines China's and Turkey's position in international trade comparatively. The third part explains the trade relations of Turkish companies with Chinese companies using survey.

CHAPTER ONE

CHINESE ECONOMIC HISTORY

1.1. BRIEF ECONOMIC HISTORY OF CHINA

The economic development of the People's Republic of China has taken a large part in the world agenda especially in the last decade. The Chinese economy is characterized by such structural features as large gross domestic product, large population, double-digit growth figures, cheap labor force as well as high competitiveness.

China followed a socialist planned economy between 1949 and 1978. During this period, China transformed from agricultural country into an industrialized country. Mao Zedong, the leader of China, tried different strategies to ensure the economic development in a fast and profound way. As a result, China showed remarkable improvements during this period.⁸

In 1957, the Chinese Communist Party launched the Great Leap Forward movement in order to perform industrialization with agriculture. The Great Leap Forward was an economic and social campaign carried out by the Chinese Communist Party in China between 1958 and 1961. The campaign, led by Mao Zedong, aimed to transform the country from agrarian economy into a socialist society through rapid industrialization and collectivization. However, the campaign failed, and tens of millions of people died as a result of the estimated famine caused by the campaign. The Great Forward Leap is seen as a major economic failure and humanitarian disaster in China and internationally⁹.

After Mao died in 1976, a period of political turmoil began in China until 1978. Deng Xiaoping was the winner of political turmoil period. With Deng management, a new era has started in the Chinese economy. The successive reforms in 1978 were the basis of China's current economic performance. In the post-1978

⁸ Peng, X. (1987). Demographic consequences of the Great Leap Forward in China's provinces. *Population and development review*, 639-670

⁹ McBeath, J. H., McBeath, J., McBeath, J. (2010). *Environmental change and food security in China* (p. 112). Dordrecht: Springer

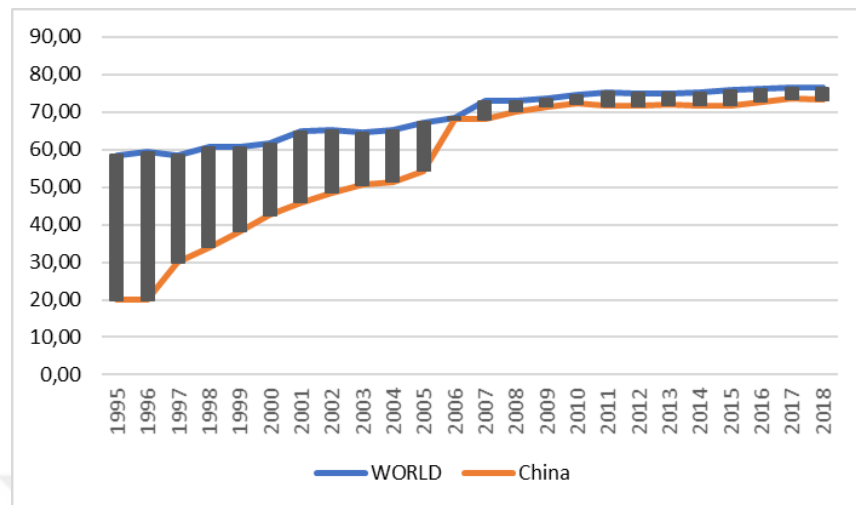
period, the Chinese economy began to evolve rapidly into the free market structure with the reforms on question.

China did not have the capital market to meet its financing needs, except for short-term loans, before the reforms launched in 1979. The lack of capital markets made it impossible for China to borrow from international markets and institutions and allow foreign investments. The exchange rate of the national currency was determined by the state, and the centralized regime blocked international trade. In other words, the Chinese economy had been isolated from the outside world before 1979. Following 1979, China has begun to integrate with the world economy through the globalization of free trade, money and finance.

After 1978, many economic reforms were introduced in China. The most important reform was the policy of “Four Modernization” which includes modernization in the fields of industry, agriculture, national defense with science and technology. The reforms implemented in this period aimed to integrate the Chinese economy with the world and establish a free market structure in China.

One of the most important data showing the openness of a country economy to the world trade is international trade data. The international trade of China progressed horizontally and haven't experienced any progress until 1970. In the related years, China's foreign trade was at very low levels. However, the total international trade of China has increased by 56 times from 1978 to 2004. Additionally, the Economic Freedom Index which indicates the changes in the economic structure of the countries, reveals the sharp increase in China's freedom of trade in the 2000s. The following figure shows the freedom of trade of China between 1995 and 2018. The figure discloses the rapid increase of trade movements in China after 1995.

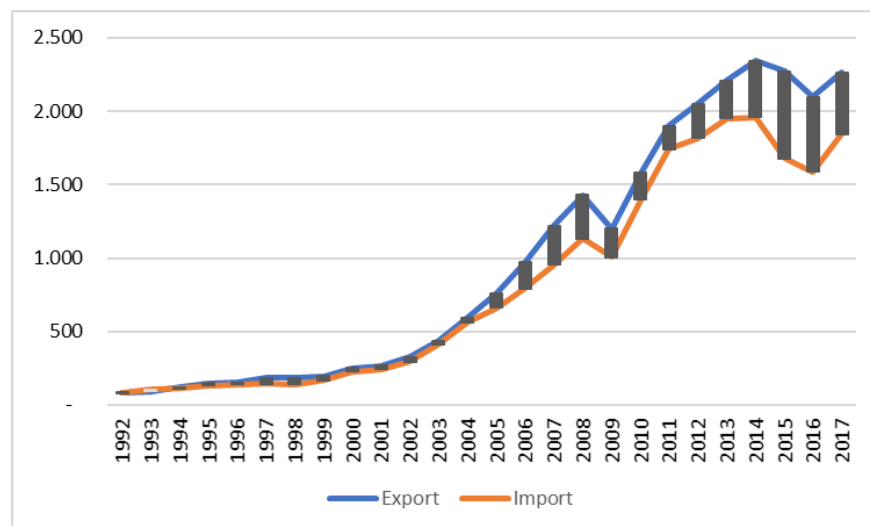
Figure 1: China's freedom of trade compared with the world in between 1995 – 2018



Source: Heritage (2018). Index of Economic Freedom. [Online] Available at: <https://www.heritage.org/index/visualize> [Accessed: 20 Apr. 2018].

As a result of open-door policy proven by the statistical data in the Figure 1, foreign trade becomes an important driver for the Chinese economy. China has benefited a lot from the open-door policy by increasing export at a faster pace than the imports as shown in Figure 2.

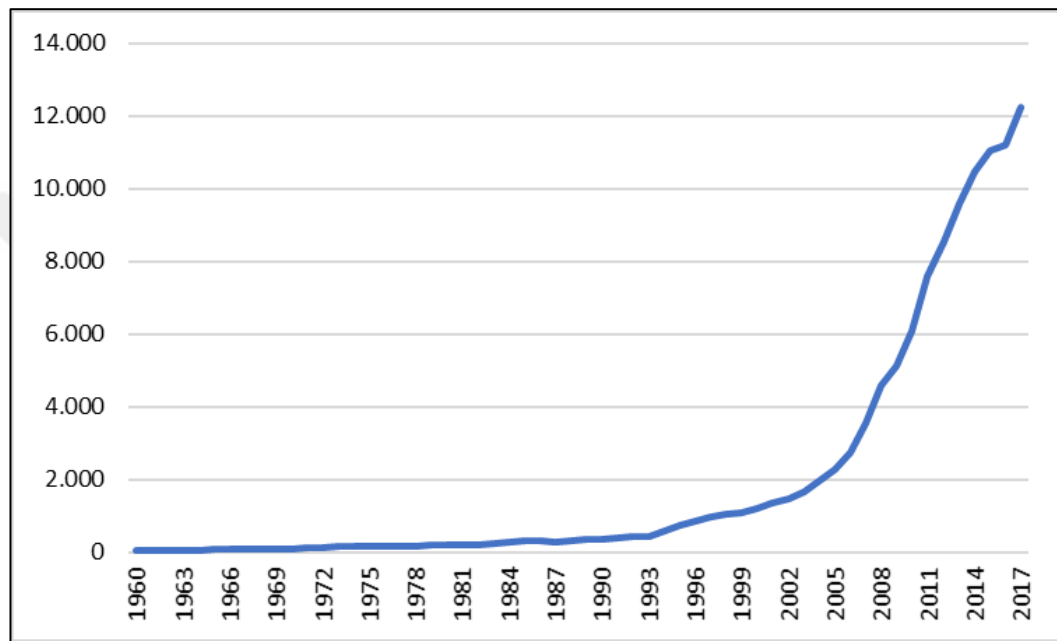
Figure 2: China's export and import value in million USD in between 1992 – 2017



Source: World Bank (2018). China exports in US\$. [Online] Available at: <https://wits.worldbank.org/CountryProfile/en/Country/CHN> # [Accessed: 20 Apr. 2018].

GDP, as one of the indicators of development, is another evidence for Chinese economic development. The significant increase of China's GDP can be seen in Figure 3. Improved economic environment together with successful foreign trade policy boosted economic growth after 1980s. GDP has skyrocketed particularly after 2000s and reached \$ 12.238 trillion in 2017.

Figure 3: GDP of China in Current USD trillion between 1960 and 2017



Source: World Bank (2018). GDP Data. [Online] Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN> [Accessed: 20 Apr. 2018].

All these developments have made the Chinese economy the world's second largest economy in terms of purchasing power parity. In addition, the GDP and export volume have turned China into a global production center.

In order to examine the developments in the Chinese economy in more detail, the following sections provide economic perspectives of the different period.

1.1.1. The Republican Revolution (1900-1949)

The Chinese Revolution was one of the largest revolutions of the twentieth century. The process of the revolution began with the “Long March” movement in

1934 and resulted with the establishment of the People's Republic of China in 1949. The revolution consisted of many revolts and uprisings.

The turning point was the Wuchang uprising in 1911.¹⁰ Wuchang uprising of 1911 was the trigger of the Republican Revolution. The Wuchang uprising began spontaneously in late September by soldiers near Wuchang. The first revolt was suppressed by the governor of Khuguan province. The riots ended with the abdication of the Last Emperor, Puyi, in 1912. This abdication had marked the beginning of China's early republican era.

1.1.2. The Mao Era and the Communist Revolution (1949-1976)

On October 1st 1949, Chinese Communist revolutionary leader Mao Zedong declared the creation of People's Republic of China.¹¹ The declaration ended the civil war which broke out immediately after the World War II between the Chinese Communist Party and the Nationalist Party. Mao implemented soviet-style politics and the economy of China is driven by communist economic system.¹² Mao led the government with the Marxist-Leninist theories, military strategies, and policies. The establishment of the new republic encouraged people to trust to the Chinese authorities. Mao Era covers four periods which are explained below.

1.1.2.1. During and After the Civil War (1949-1952)

By the end of World War II, the 38th parallel divided Korea into North and South. North Korea was led by a Communist dictatorship, while South Korea was led by a group supporting United States. On November 26, 1950, North Korea signed a trade agreement with China.¹³ The two countries then fought together and occupied

¹⁰ United State of America Department of State Office of The Historian, Bureau of Public Affairs. (2017, January 29). Milestones: 1899-1913, The Chinese Revolution of 1911. Retrieved from <https://history.state.gov/milestones/1899-1913/chinese-rev>

¹¹ Draguhn, W., & Goodman, D. S. (Eds.). (2012). *China's communist revolutions: Fifty Years of the People's Republic of China*. Routledge

¹² Malkiel, B. G. (2009). The Chinese Economic Miracle: Can It Last?. *Proceedings of the American Philosophical Society*, 153(2), 193-199

¹³ Wright, D. C. (2011). *The history of China*. ABC-CLIO. 148

Taiwan during the Korean War. China pursued different reforms and military arrangements in order to protect its territories against other countries.¹⁴

During the civil war, China faced a number of problems such as high inflation, unemployment rate and food prices. Then, the Chinese Communist Party restructured social relations and encouraged people to produce agricultural products. During this time, Mao revised the land ownership law and made land reforms. Then, China's old feudal property system transformed into a distribution system that would benefit poor peasants. In addition, the government set the food prices in order to control the inflation. Therefore, producers could not change the output level and price of foods.

In the early 1950s, the Chinese economy could not reach its target output levels due to limited capital because the exchange rate was very low against other currencies. In addition, the low priced agricultural products did not allow China to export which caused China to develop new economic models.

1.1.2.2. First Five Development Plan (1953-1957)

First Five Development Plan was the main focus point of the Mao Era between 1953 and 1957. It was the first time in China's history that an all-round plan for social and economic development was created. China's Five-Year Plans are social and economic initiatives issued since 1953. However, the Soviet Union influenced the first five-year plan, thus, economic and social initiatives included communist policies. The Soviet Union not only provided economic and financial model to China, but also helped the Chinese people to improve their labor skills.

“The First Five-Year Plan” created an inordinate macroeconomic environment, which caused lower interest rates, overvalued exchange rates, lower nominal wage rates, and lower prices for basic consumer goods and raw materials.

¹⁴ Findık D.N. (2006). *Foreign Direct Investment Applications In China* (Master's thesis). Retrieved from İstanbul University. (41843)

Therefore, the number of enterprises increased from 2.800 to 9.300 between 1953 and 1957¹⁵.

1.1.2.3. The Great Leap Forward (1958-1965)

The third period of Mao Era (1958 – 1965) is known as “The Great Leap Forward”. Great Leap Forward movement had been launched by the the Chinese Communist Party in 1957 to speed up collectivization of agriculture and massive industrialization.

There are three main features of “The Great Leap Forward” policy. First, in order to achieve fast and profound industrialization, China would restructure urban areas by moving about 20 million people to cities between 1959 and 1960. According to the statistics, the number of cities increased from 177 to 199 between 1957 and 1960. Furthermore, the level of the urbanization increased from 10.6% in 1949 to 19.7% in 1960.¹⁶ Second, local governments started to establish State-Owned Enterprises (SOEs). The number of enterprises decreased from 9.300 to 1.200 between 1957 and 1958. The proportion of national industrial output, which is generated by SOEs under the central government's authority, decreased from 40% to 14%.¹⁷ Third, “The Great Leap Forward” policy changed the planning strategy of Chinese government. In other words, the regional level plan strategy of China had been transformed into national level. However, all these processes were not enough for China to revise its economy.

1.1.2.4. The Cultural Revolution (1966–1976)

The last period of Mao Era (1966 - 1976) focused on the Cultural Revolution. In the 1960s, China had stagnated after collapse of “Great Leap Forward” and its

¹⁵ Qian, Y. (2000). The process of China's market transition (1978-1998): The evolutionary, historical, and comparative perspectives. *Journal of Institutional and Theoretical Economics (JITE)/Zeitschrift für die gesamte Staatswissenschaft*, 151-171

¹⁶ Li, Y. (2011). The complexity of urban transformation in China: New trends in current transitional era. *Journal of ITU Faculty of Architecture*, 8(1), 155-168.

¹⁷ Xu, C., & Zhang, X. (2009). *The evolution of Chinese entrepreneurial firms: Township-village enterprises revisited* (Vol. 854). Intl Food Policy Res Inst

economy experienced a serious downfall. Mao tried to reassert his control by using and convincing the radical youth against the Communist Party hierarchy.¹⁸

In August 1966, the Chinese Communist Party's leader, Mao Zedong, initiated the Cultural Revolution as a cultural and political movement in China. The main event that started the Cultural Revolution was the opposition within the party. With the Chinese Cultural Revolution, the Party hierarchy was ignored and power was directly given to the "Red Guards". These troops were even authorized to create their own courts. However, these initiatives caused an economic and social turmoil.¹⁹

The years following the event, more than 16 million educated young people living in cities were forced to work on farms.²⁰ The economy experienced 7.2 % downsizing in 1967 and 6.5 % downsizing in 1968.²¹ More than two thirds of the people had to live on less than one dollar per day.²²

Zedong ended the Cultural Revolution in 1969 due to aforementioned economic conditions.²³ Chinese historians describe the Cultural Revolution era as "ten lost years", since higher youth had lost their education opportunities.²⁴ In his last attempt to redemption, in 1970, Mao tried to open China economy to the outside world which made other countries show interest to China again. As a summary, during the Mao Era, there were many different economic approaches due to politic changes and these fluctuations provide a basis for novel approaches in both political and economic perspective.

¹⁸ History.com Staff. (2009). Cultural Revolution. Retrieved January 30, 2017, from <http://www.history.com/topics/cultural-revolution>

¹⁹ Song, Y. (2005). The Cultural Revolution and the War Against Fascism. In *China Rights Forum* (Vol. 4, p. 23)

²⁰ Ramzy, A. (2016, May 14). China's Cultural Revolution, Explained. Retrieved January 30, 2017, from https://www.nytimes.com/2016/05/15/world/asia/china-cultural-revolution-explainer.html?_r=0

²¹ Chow, G. C. (2004). Economic reform and growth in China. *ANNALS OF ECONOMICS AND FINANCE*, 5, 93-118

²² Headey, D., Kanbur, R., & Zhang, X. (2008). *China's Growth Strategies* (p. 2). Routledge

²³ Jinglian, W. (2006). China's Economy: 60 Years of Progress. *Recuperado el*, 23, *Caijing Magazin*, 247(20),

²⁴ McBeath, J. H., McBeath, J., & McBeath, J. (2010). *Environmental change and food security in China* (p. 112). Dordrecht: Springer

1.1.3. Deng Xiaoping (1978-1989) and Modern China

In the period of Deng Xiaoping, China adapted socialist policies and adopted an open economic system. Deng established Special Economic Zones (SEZ's) to attract foreign investment. Government adopted a decentralization policy as the control chains of government were not tight.²⁵ New companies were established to gain more revenue and profit. Free market economy had resulted in increased production and development of consumer and export industries.

In the middle of the 1980s, Deng made many agricultural and industrial reforms. Shanghai was established as part of the project of establishing new coastal cities. In order to control the growth of population, one child policy was implemented, which increased the gaps among the Chinese social classes. The troubles that Soviet Union had faced by 1990 also affected China by triggering the failure of Martial Law 1989 and causing inflation.

By the late 1970s and early 1980s, a new strategy for development began to be developed. In the late 1980s, coastal governments created wealth in this region, which helped people in these regions to criticize Deng. Problems such as unemployment, environmental pollution and corruption have emerged. Critics have begun to state that the developments were the greatest threat to the entire society. Despite all these criticisms and developments, the free market economy was able to sustain rapid growth.²⁶

1.1.4. Jiang Zemin and Zhu Rongji (1993-2005)

First modernization steps in China began with Deng Xiaoping and this created variation in economic trends. Yet, these alterations caused problems, Deng Xiaoping began to lose control over his power. In order to solve these problems, Deng transferred his authority to Jiang Zemin in 1992. Jiang Zemin announced new Chinese economic reforms called as "Socialism with Chinese Characteristics". Chinese economy had experienced unprecedented period in terms of social welfare,

²⁵ Wright, D. C. (2011). *The history of China*. ABC-CLIO, pp. 168.

²⁶ Van Kemenade, W. (2010). *China, Hong Kong, Taiwan, Inc.: The Dynamics of a New Empire*. Vintage pp. 160-168; 237; 240.

science and technology. In 1997, China occupied Hong Kong and Macao. Deng went on a journey with two of his political allies, the Yang brothers, famously called “The Southern Journey”. This was the first step of China to be connected with the world.

On the other hand, economic growth continued to stand on stable ground. In July 1997, The Asian Financial Crisis did not damage China’s growth. On December 11, 2001, China attended to the World Trade Organization (WTO).

In 2002, China experienced one of the most important crises, called Severe Acute Respiratory Syndrome (SARS). This pandemic affected foreign trade negatively. China had begun to develop more products and medicines that can ease the outbreak. In this process, the Chinese economy continued to have double-digit growth, and the government stressed the development of rural areas. After all these developments, China has become one of the superpowers of the world with more than 1.3 billion inhabitants. Today, China is the second strongest economy in the world.

1.1.5. Xi Jinping (2012- Present)

After a detailed examination of Chinese political history and its impact on the Chinese economy, it is easier to understand the economic trends of modern China. In 2012, Xi Jinping states “the great revival of the Chinese nation” which is rooted Chinese history dated back 5000 years and contributes world civilization.²⁷ After pursuing a policy of being more open to world, China's foreign exchange reserves amounted to \$ 3.3 trillion, which made China the largest recipient of Foreign Direct Investment (FDI) among the developing countries. Now, China is classified as a major driver of global economy as a result of China’s growth miracle.²⁸

²⁷ Foreign Affairs. (2017, June 30). History With Chinese Characteristics. Retrieved from <https://www.foreignaffairs.com/reviews/review-essay/2017-06-13/history-chinese-characteristics>

²⁸ Yang, L. (2013). China’s Growth Miracle: Past, Present, and Future. United Nation Research Institute for Social Development, 7.

CHAPTER TWO

CHINESE AND TURKISH ECONOMIES

2.1. CHINESE ECONOMY AND FOREIGN TRADE

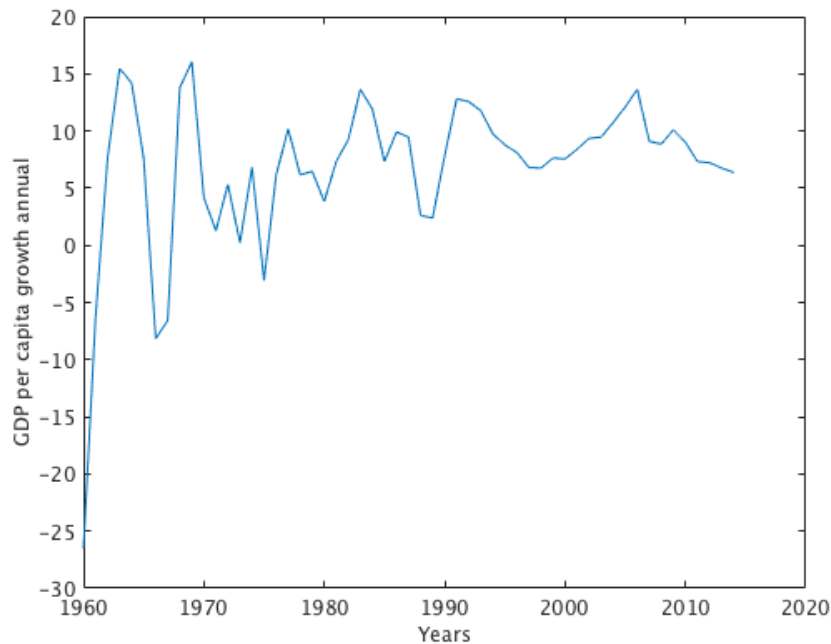
2.1.1. Trade Structure of China and Position of Chinese Trade in the World Economy

China's rapidly growing role in international trade is reflected in its involvement with the global economy. In comparison with world trade, China's exports and imports have increased dramatically in the last two decades. The incident shows similar patterns to the trade fluctuations with other economies that integrated into the global trading system. As China's trade with world deepened, trade composition and demography of China has altered. China became more significant in the Asian economy, as its industrial economy raised through import and export. Solid manufacturing and imitation is one of the factors that elevated China's imports in the region, as well as, has made China one of the most important export destinations for Asian countries.

As InterActive Corporation (IAC) reported, China has finally turned into a manufacturing and exporting country, after many years of following a closed economical strategy. As China started to change its market strategy in 1978, the Asian monarch took away half of the population out of poverty, achieving an average economic growth of 10% annually, thus becoming the world's second largest economy²⁹.

²⁹ The World Bank. (n.d.). Overview. Retrieved April 19, 2018, from <http://www.worldbank.org/en/country/china/overview>

Figure 4: China's real GDP per capita growth (%)



Source: World Bank (2018). World Bank National Accounts Data, GDP Per Capita Growth. [Online]. Available at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG>. [Accessed: 20 April 2018]

Globally, the economy of China is known to have a strong growth rate. Overall, Chinese economy grew by 7% in the last few years, while the export rate elevated by 1.9% only in 2016. As seen from figure 4 above, it is predicted that total GDP will drop from 6.5% to 5.8% by 2021 (Figure 6). Between 1989 and 2018, China's average GDP annual growth rate was 9.58%. While the highest value was 15.40% in 1993 and the lowest value was 3.80% in 1990.³⁰

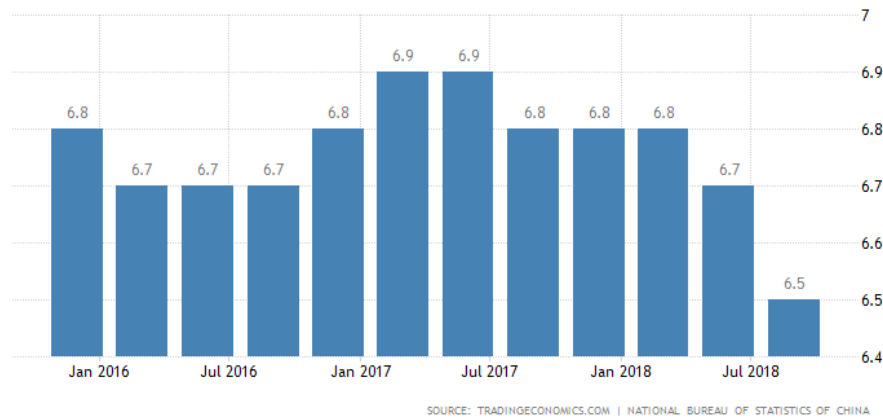
The Organization for Economic Cooperation and Development (OECD) estimated China's GDP (based on 2005 PPP) as \$ 15.26 trillion for 2016, and the estimated US GDP was \$ 15.24 trillion for the first time³¹. As seen from Figure 5 below, Chinese economy was at its peaks by having 6.9% growth in 2017, however the growth declined to 6.5% by the end of 2018, which was the lowest growth rate

³⁰ <https://tradingeconomics.com/china/gdp-growth-annual>

³¹ Prasad, E. S. (2004). *China's Growth and Integration into the World Economy; Prospects and Challenges* (No. 232). International monetary fund .

since 2009 and had due to global financial crisis, tariff debates with US and local governments' off-balance-sheet borrowings. (Figure 5)

Figure 5: Growth rate of China



Source: (Trading Economics, 2018) GDP Growth Beats Estimates. [Online] Available at: <https://tradingeconomics.com/china/gdp-growth-annual>. [Accessed: 25 May 2018]

This section presents the position of Chinese economy in globe and the following section discusses about China's foreign trade.

2.1.2. Foreign Trade of China

As a result of a reform that occurred 30 years ago, China has adapted to economic globalization by opening its doors to the world. This promoted China's economic and commercial cooperation with other countries on the basis of equality and mutual benefit. Over years, foreign trade has become China's most dynamic and fastest-growing sector. Thus, China became world's largest trading nations. China's foreign trade development has strengthened its ties with the rest of the world, hastened the modernization of the country and accelerated world prosperity and progress.

After the establishment of the People's Republic of China (CCP) in 1949, China adhered to the principle of independence, self-help and eventually made economic and commercial exchanges with foreign countries. At that time, the international political environment and the planned economic system of the country

were hindered, however China's foreign trade development was relatively slow. This period of bad economical strategy continued until 1978, which was the time when a new reform process was initiated. As a result of efforts made, the development of foreign trade has become an important approach to accelerate modernization, to repel the tension, to encourage the growth of the economy and to develop a comprehensive national power.

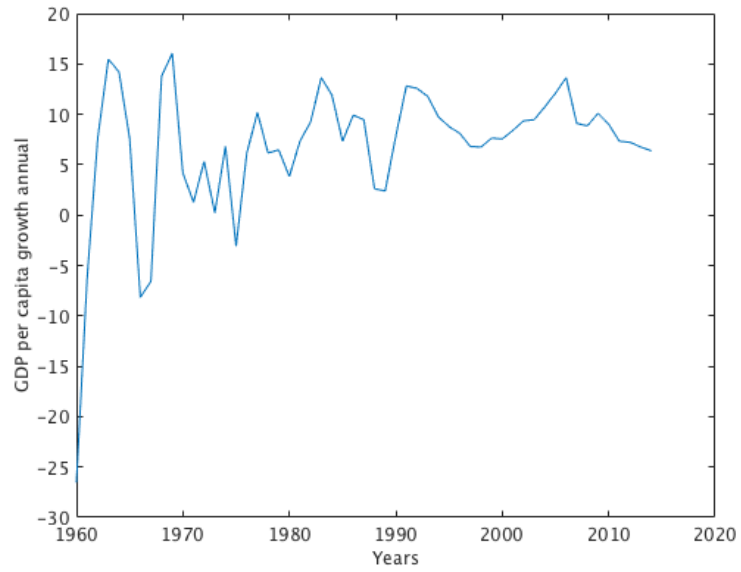
In the last 30 years, with the long-term prosperity of the world economy and the opportunities of deepening economic globalization, China has opened up its doors to the outside world, introduced and used foreign investment, introduced advanced technology, transformed and upgraded domestic industries. With the help of multi-faceted participation in the international division of labor and in the competition divisions, rapid growth in foreign trade has been achieved.

In China, total trade volume in commodity trade is generally high. In 1978, China's total import and export value was US \$ 20.6 billion, 32th in world trade, and accounted for less than 1% of the world's total, while in 2010, the total value of imports and exports of China has dramatically increased to 2.974 trillion dollars, which is 144 times of the amount achieved in 1978, with an annual average growth rate of 17.2%.³²

The Chinese economic profile in terms of annual GDP per capita growth during years is shown in Figure 8. Growth profile is consistent with historical background which was explained in Chapter 1. There is a dramatic change seen in total trade in 1970s and the GDP has reached to its peak values. Due to the modernization and the revolution, annual GDP shows sudden increase.

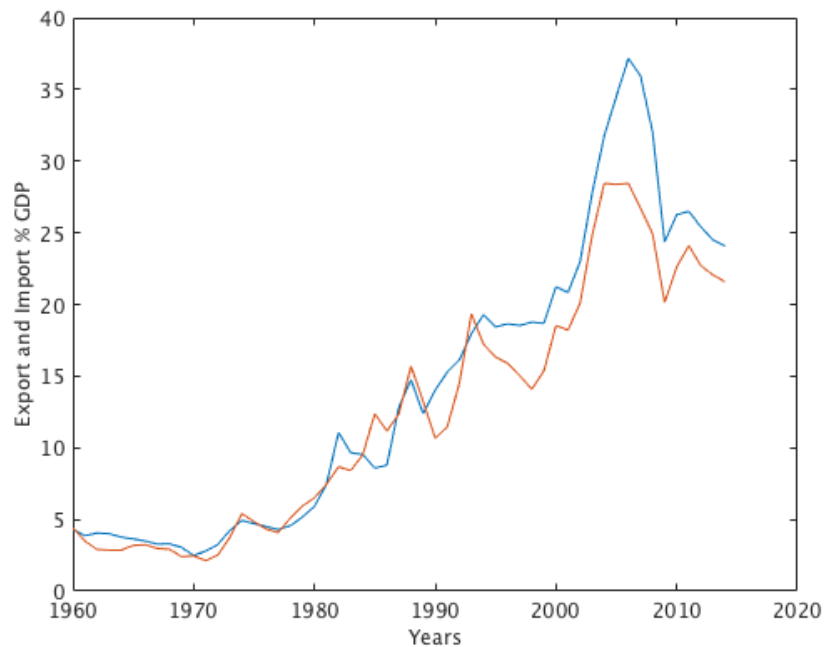
32Morrison M.,W.(2018) China's Economic Rise: History, Trends, Challenges, and Implications for the United States

Figure 6: China's Total Trade (% of GDP)



Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS>. [Accessed: 25 May 2018]

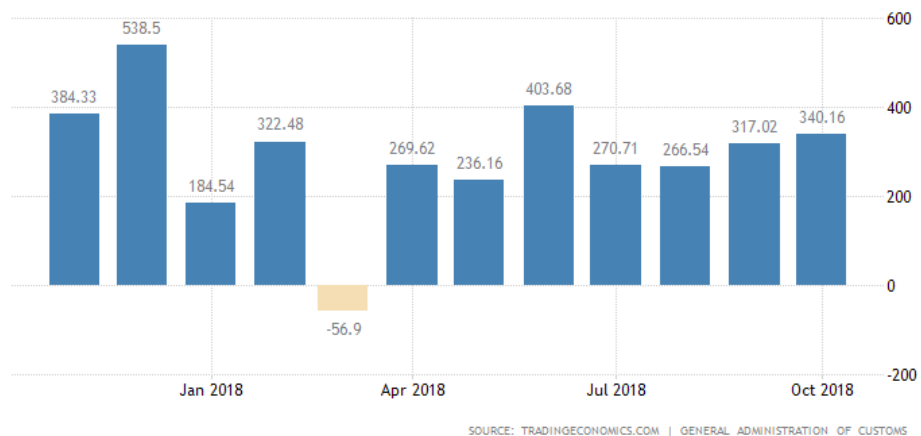
Figure 7: China's Export and Import Growth (% of GDP)



Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/ne.exp.gnfs.zs> [Accessed: 25 May 2018]

As seen from Figure 7 above, the export and import GDP percentages (current) increase gradually through years, while there was a sudden increase observed in 2000s, which could be correlated with current Chinese economy status. This is based on trade surplus, import and export that are shown in Figure 8.

Figure 8: China's Trade Surplus – USD



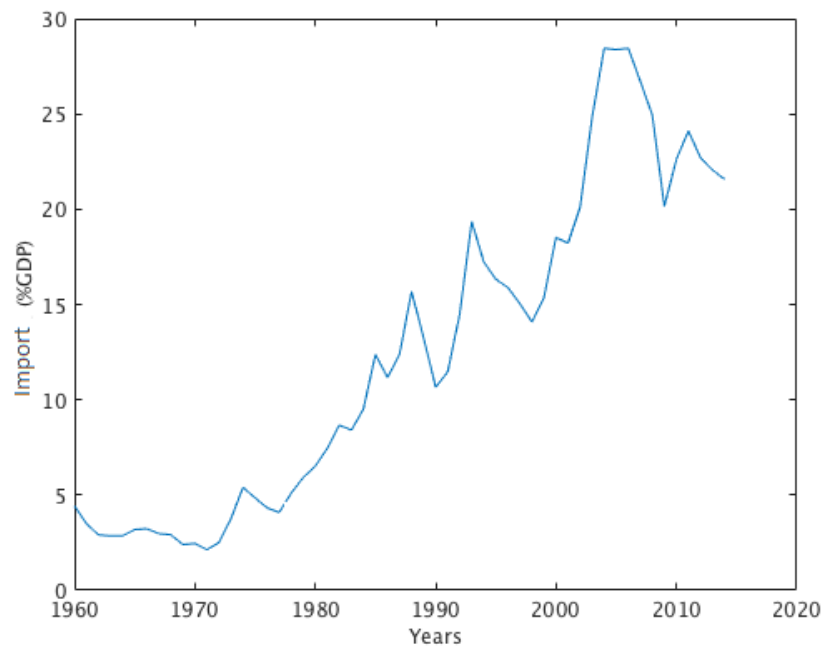
Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/BN.GSR.GNFS.CD> [Accessed: 25 May 2018]

Trade surplus was decreased to USD 340.16 billion (2018) from USD 403.68 billion (2017) and surplus in 2018 was slightly below of China's market consensus which was USD 35 billion (Figure 8). To elaborate more, imports had increased with 21.4% rate while exports had increased with a slower rate of 15.6% when compared to its previous year's. Although exports were increased by 13.2%, imports were only increased by 1.8%. This is due to narrowing of the trade surplus of China's largest export market, which is the US from USD 34.13 billion to USD 31.78 billion. This dramatic decrease was observed in October. The reason is that novel US tariffs went into effect. Yet, soon after, trade surplus with the US widened to 258.15 billion. Furthermore, since 1981 balance of trade in China averaged 94.11 USD HML (Hundered million) with having its highest value in October of 2015 (612.86 USD HML) and lowest value in February of 2012 (-320.02 USD HML)⁴³.

2.1.2.1. Import of China

The importance of foreign trade in China has grown since the inception of the economic globalization in the 1970s. Although the trade system is gradually liberalized as part of the reform process, the promotion of exports are restrictive. In addition, import regime managing to generate foreign exchange was the main feature of China's foreign trade over the past 15 years. Although it was not as fast as the export rate, import rate increased since 1970s. This trend persisted for nearly three decades and hit the peaked point to 28.4% in 2004 (current data) (Figure 9).³³

Figure 9: China's Import Growth (% of GDP)



Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/ne.imp.gnfs.zs> [Accessed: 25 May 2018]

Three features are discernible, when examining the development of China's imports during the period of 1980-1992. First, the share of food items witnessed a marked decline, as did the share of primary products other than food. Second, the role of the import plan has declined steadily through the reform period. Third,

³³ <https://tradingeconomics.com/china/balance-of-trade>

China's trade flow -especially its imports- have exhibited considerable volatility associated with periodic sharp fluctuations in the economic activities and the concomitant intensification and relaxation of import controls³⁴.

The import rate in 2018 was higher than the previous years' import rates. The market expectation was 14%, while the growth was 14.3% within a month that is higher than expected, when compared to September 2018. Mechanical and electrical products together with the high tech goods constitute the main import materials of China. Therefore, China is one of the biggest consumers of crude oil, iron ore, copper and aluminum. Germany, countries like Malaysia, South Korea, Japan, Taiwan, United States and Australia which are ASEAN countries are the main import partners of China. For example; unprocessed copper imports increased to 28.2% compared to a year earlier and reached upto 423,000 tonnes in October in 2017. Moreover, there was 14.5% increase in concentrated copper imports that reached to 1.57 million tonnes in October when compared to the previous. Another important material iron ore exports rose upto 11.2% and reached to 88.40 million tonnes in October when to the previous year.³⁵ Thus the data provided could be a proof to China being one of the biggest importers of such goods.

2.1.2.1.1. Import Sectors

Industry

China is stepping forward to have a rational and multi-level structured economy. Wide variety of occupation positions are being created by integrating the advanced industrial system with modern agriculture. Besides, the medium level technologies being used at most of the industries, there are also some high-tech industries as well, such as space flight, nuclear energy, bio-engineering, and new material industries. Among the other developing countries such as Argentina, Brazil, China's technological power is eminently strong. Despite having a strong technology in its hands, there are still many companies in China which continue to use relatively

³⁴ Yuan, M., & Kochhar, M. K. (1994). *China's imports: an empirical analysis using Johansen's cointegration approach* (No. 94-145). International Monetary Fund .

³⁵ <https://tradingeconomics.com/china/balance-of-trade>

outdated technology like iron, steel, automobile, shipbuilding, heavy chemicals and textiles³⁶.

Agriculture

The structure of Chinese commerce in grains is likely to change as soon as total grain imports (involving soybean) rise to 30 million tons and China has benefited significantly from imports of increased grain and soybean meal. Agricultural products exported to the United States increased by 43% in between 2002 and 2004³⁷. However, this affected China's influential and confirmable grain supply structure as well as the Chinese grain producers especially those who are involved in soybean sector. Alterations in the prices of cereal crops and sizes of the croplands are few examples of the affected factors.

According to Chinese Vegetable Oil Association's report, soybean processing plants' capacity had reached to 80.10 million tons, while the utilization rate was only 40%, by the end of 2004. Although cotton's processing capacity is three times higher than market demand, it shows similar patterns to soybean sector.³⁸ A competition is built within the region and in long terms, it may create a gap between supply and demand rates of grains. Thus it is important to conduct a study on the grain supply mechanism, to have a bigger picture that shows the balance between these two.

Since China has limited resources of arable land and water, it mainly imports land and water-intensive crops such as corn and wheat. On the other hand, it exports labor-intensive products. The major reason is, abundance in raw rural labor. By following such policy, (exporting its abundant resources and importing its necessities) China can turn its restrictions into advantages³⁹.

³⁶ Chia, S. Y., & Cheng, B. (Eds.). (1989). *ASEAN-China economic relations: developments in ASEAN and China*. Institute of Southeast Asian

³⁷ Gale, H., Lohmar, B., & Tuan, F. (2005). China's new farm subsidies.

³⁸ Zhang Z.H., Li L.R.(2004). Ground Water Resources in China.: Sino-Map Press, Beijing. 206-214. [In Chinese]

³⁹ Rural Development Institute (2000) Chinese Academy of Social Sciences and Department of Rural Social and Economic Research, PRC State Statistics Bureau, p.13

Services

Services are striking part of the Chinese economy, with a 21% rise in 1998 contributing 33% to China's GDP. Since there are no data available on negotiations of People Republic of China, thus it is not possible to predict effects on economy. Since China follows a closed policy in service sector (banking, insurance, telecommunications, etc.) to foreign companies, WTO is belived to have a major influence in local service sector. However, liberalization of trade in services will significantly increase the ability of foreign companies to market and distribute their products in China's tariff proposals.

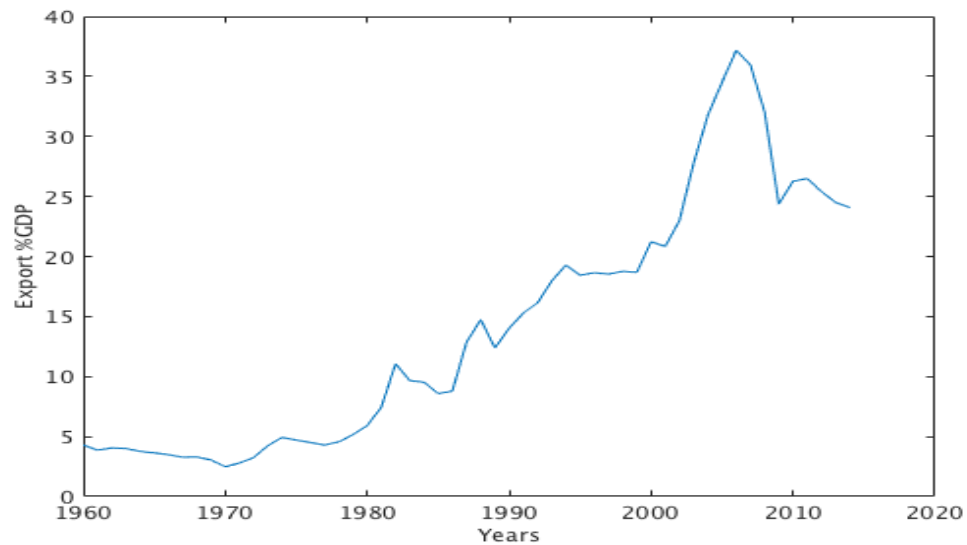
A number of computable general equilibrium modelling for regional economic development analysis (CGE) studies have been conducted in various countries, including China, the study estimates the economic costs of service barriers of current economy. There are three different ways of measuring service barriers in CGE models. This is done by measuring revenue-equivalent tariff equivalents, cost-containment. Although these numbers obtained are crude, still they could be used to give us information on service barriers and thus could be used to increase the wellbeing of China's economy by finding solutions to these barriers. Moreover, it must be kept in mind that the methodologies used to make such predictions are not clear. Thus, the companies in service sector which don't explicitly model the different forms of service provision must be dealt differently than those use the foreign direct investment (FDI) models⁴⁰.

2.1.2.2. Export of China

Chinese economy has become more liberal when global trading started to open in 1978. Several different reforms have occurred through out years like; 1984-85, 1988, 1991 and 1994. Liberalization policy has boosted China's economy and export businesses, it hit peak level and reached up to 5.1% in 1978 GDP. After 1978, we can clearly see the incline rate and how GDP continued to raise economic growth in the following years and hit 11.1% GDP in 1981 (current data) (Figure 10).

⁴⁰ OECD (2012), China in the Global Economy China in the World Economy The Domestic Policy Challenges, , pp.771.

Figure 10: Export Growth Rate of China (% of GDP)



Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS> [Accessed: 29 May 2018]

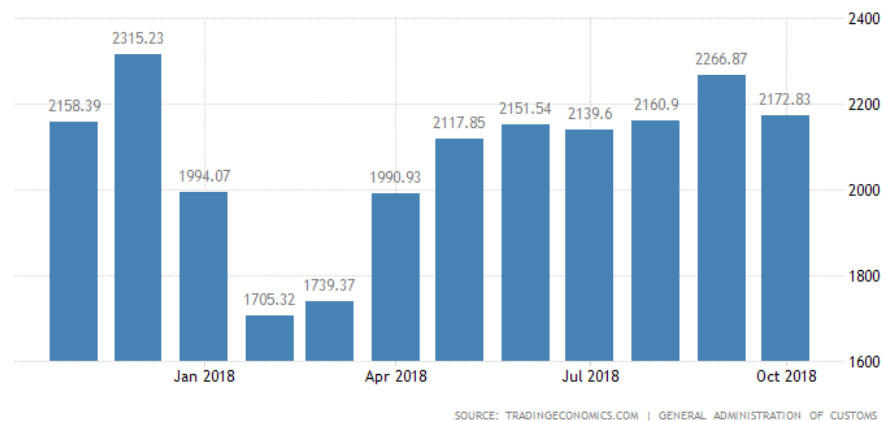
As China's economy pattern is observed, the reforms have effected the sensitivity of export market prices due to many reasons such as; reduction of mandatory export planning and eventual elimination, increase in currency incentive quotas, and introduction of more market-determined rate (the "exchange rate") of the Exchange Adjustment Centers (FEACs). It is estimated that reforms increase China's sensitivity to export market prices.

Obligatory export planning was dramatically decreased in a series of steps. Under the 1984 reforms, about 60% of exports went into an obligatory plan, 20% being designated as a target, while the rest did not plan on exporting. The value targets were often converted into mandatory export plans with fixed quantities and prices within the provinces. The procurement prices and target quantities were assigned by the Foreign Trade Corporations to the producing enterprises. For the case of no mandatory exports, procurement prices were decided by the FTCs and the prices vary depending on how the provinces decided to meet the value targets and on the negotiating position of producing firms' vis-a-vis the procuring FTC. The agency system, in which FTCs are acting as agents of enterprises, is much more prevalent for imports rather than for exports. Given the large share of obligatory exports, plenty of export agreements are driven by nominated FTCs, so even with these

reforms, there is no close systematic relationship between relative prices and export volumes. Starting from year 1988, export planning was being used very less compared to previous years and in 1991 it was finally completely abolished. This coupled with the elimination of export subsidies, resulted in a competition among FTCs and suppliers⁴¹.

Many factors have contributed in China's rapid economic expansion but export growth has been a major one. The exports declined in 2015-2016 due to global weaknesses. Yet, export growth turned back to a steady level in 2017. Main export materials of China includes mechanical and electrical products, high tech products, clothing, textiles, footwear, furniture, plastic products and ceramic, motors and generators and integrated circuits. Main export partners of China are United States, Hong Kong, the European Union of which Germany, the UK and the Netherlands, ASEAN countries that are Vietnam, Japan, South Korea and India. Since 1981 to date, average export of China was 610.95 USD HML with reaching to its highest value in December 2017 (2315.23 USD HML) and the lowest one in February 1983 (12.50 USD HML). Figure 11 indicates the detailed investigation of Chinese export dynamics in 2018.

Figure 11: China's Export



Source: (World Bank Development, 2018). China's Total Trade. [Online] Available at: <https://data.worldbank.org/indicator/ne.exp.gnfs.zs> [Accessed: 29 May 2018]

⁴¹ Saxena, M. S. C., & Cerra, M. V. (2002). *An empirical analysis of China's export behavior* (No. 2-200). International Monetary Fund

As seen from Figure 11, the exports show decrement by the beginning of 2018 year, but starts increasing dramatically in April to USD 1990.9 and kept showing an increasing pattern till the end of the year and 14.5% of increase was observed in September, which was the maximum export achieved throughout the year. Before the strict updates of US tariffs that took place in 2019, market consensus was increased up to 11%. Export of unprocessed aluminum and aluminum products of China, enlarged to 482,000 tonnes with 37.7% increase when compared to same period of its last year. In addition, China is number one in the world in terms of production of steel and aluminium. US has decided to impose tariffs on China to weaken their economy and decided to increase specific tariffs which are being imported to USA such as; 25% on steel and 10% on aluminium. Despite USA has taken these actions, China did not go under major loss due to Yuan having a low rate. In last October China has produced 5.50 million tonnes of steel showing 7.6 % increase compared to previous year production. Since the discounts on taxes are being cancelled in the following months, this will increase the tax rate from 13% to 16%, thus aluminum export is expected to increase. On the other hand, crude oil export was reached up to 0.14 million tonnes with 0.3% increase compared to previous year. Meanwhile, coal exports reached to 0.48 million tonnes with 0.1%; and rice exports reached to 187 million tonnes with 106.1% increment of the previous year⁴².

The following section investigates the export behavior of China in details.

2.1.2.2.1. Export Sectors

Industry

Textiles & Clothing;

China has a major role in textile sector. Due to its low labor cost and low value added, textile contributes to 37.2% of the total exports of the country⁴³. Most of China's apparel products are produced by foreign joint ventures or TVEs in the

⁴² <https://tradingeconomics.com/china/exports>

⁴³ Top 10 textile exporting countries. (2018, August). Retrieved August, 2018. Available at: <https://www.statista.com/statistics/236397/value-of-the-leading-global-textile-exporters-by-country/>

coastal territory. Although China is one of the best in textile and clothing industry globally, it still has some structural weaknesses, which is needed to be worked on in order to become better at textile industry.

Steel;

Another significant sector in China is the iron and steel industry. It constitutes 6.5% of value added and 5.5% of employment in the manufacturing sector. After 1996, China is the largest producer of crude steel in world. Since then, the increase in steel production has been preserved and in 2000, 127.3 million tons of crude steel production was recorded, which equates to 15% of all the world's production.⁴⁴

Motor Vehicles;

China is ranked as 10th in world for the production of all kinds of motor vehicles. The Chinese automobile industry has a production capacity of 2.5 million motor vehicles and operates at about 70% capacity. Moreover, China produces 3.2 million agricultural vehicles and 11.2 million motorcycles annually.⁴⁵

Consumer Electronics;

Following the United States and Japan, China has been ranked as the third in the production of household electronic appliances. The production rate of electronics has increased from 20% to 50% in the last two decades, proving the dramatic expansion in the industry. Intensive domestic Chinese brands accounts for 95% of the refrigerators available in market, 83% for washing machines, 74% for air conditioners, 81 % for color televisions, 71% microwave ovens.⁴⁶

Beijing is dominated by domestic firms that are not very active at exporting. Shanghai has a more balanced sectorial structure, as well as better diversified ownership distribution. In the Pearl River and Yangtze River Deltas, there is also a noticeable distinction between the core metropolitan areas i.e. Shanghai-Shenzhen, and their industrial satellites such as Suzhou and Dongguan. Metropolitan centers have more diversified ICT sectors. The companies present here are more

⁴⁴ Crude Steel Production (2018). [Online] Available at: <https://www.worldsteel.org/media-centre/press-releases/2019/April-2019-crude-steel-production.html>

⁴⁵ Wang, Z. (2016). Projection of Chinese Motor Vehicle Growth, Oil Demand, and CO2 Emissions through 2050

⁴⁶ OECD (2012), China in the Global Economy China in the World Economy The Domestic Policy Challenges, 145-150.

domestically owned, have mixed internal-external market orientation, higher productivity and has much stronger R&D intensity, when compared to non-metropolitan areas. This brings along a better-educated workforce, a diverse overall economic structure, and better access to local, national or international markets. Metropolitan centers are also more influential with Chinese policy makers and therefore, they are able to extract disproportionate public resources and political preferences for local firms. In contrast, in the satellite regions such as Suzhou and Dongguan, companies are mainly devoted to export assembly, are dominated by foreign-owned companies, and have lower labor productivity and R&D intensity⁴⁷.

Agriculture

Agricultural sector is mostly family based in China due to decolonization. There is a state monopoly in the distribution of grain. In addition, the sector is preserved from the foreign competition by tariffs, quotas, export subsidies and by other means. The unemployment in the sector is very close to zero, showing marginal productivity of labor. However, due to low level technology usage and less machinery, the other countries are having relatively higher advantage over China.⁴⁸

Services

Despite China's accelerated enlargement, the country did not show similar increment at its service sector, when compared to other countries globally. For example, in 2001, the service sector consisted of only 34% of GDP. This is lower than most of the developed countries and is even half of the developing countries' values. In many ways, the Chinese economy was still in an undeveloped phase. There are many reasons behind this. One of them is the tertiary industry, which has not been supported by the government before the economic reform in 1978.

⁴⁷ Cooke, P. (2013). *The economic geography of the IT industry in the Asia Pacific Region*. Routledge

⁴⁸ Brada, J. C., Wachtel, P., & Yang, D. T. (2014). *Chinas economic development*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan

In order to enlarge the economy of China, service sector could be considered as one of the key points, it can solve the employment issue in China as well⁴⁹.

2.1.3. China's Trade Policy Reforms and World Trade Organization Membership

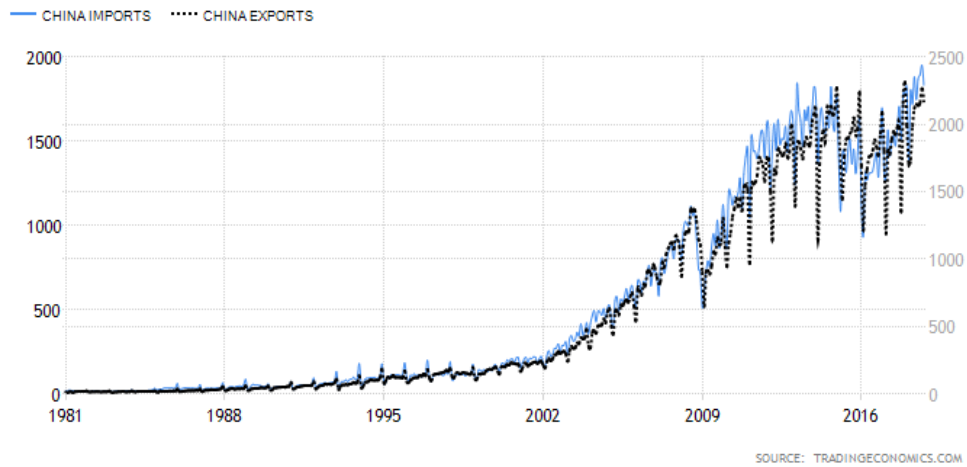
In 1995, China made some changes in its economy policies to become a legitimate member of the World Trade Organization (WTO). This reform covered different important economic sectors, including property ownership structure, financial system, taxation policy, investment management, and foreign trade system. The objective was to improve the functions of the market in order to gain some international practices. Although reforms enabled China to grow, reforms didn't help it to join to the organization. At the end of numerous attempts, China finally joined to the World Trade Organization (WTO) in 2001.

In 1949, beginning years of PRC, China adhered to the principle of independence and interdependence which resulted an increase in foreign trade. Nevertheless, back in that time, China's foreign trade development was considerably gradual. The reason is that foreign trade was blocked by the international political environment and the planned economic system of the country.

In the last 30 years, the efforts China had made in the process of trying to become a WTO member, elevated the country is market economy as well. China administered for the restoration of the GATT membership in July 1986 and became a member of the WTO in October 2001. With a 15-year effort for GATT / WTO membership, China changed the economy policies from central economy to market economy.

⁴⁹John, W. (2016). *Zhu Rongji and China's Economic Take-Off*. World Scientific

Figure 12: Comparison of Chinese import and export



Source: (Trade Economics, 2018). China Exports. [Online] Available at: <https://tradingeconomics.com/china/imports>. [Accessed: 29 May 2018]

Import and exports were eminently low from year 1981 – 2001 as indicated in Figure 12 above. This is because private companies probably dominated Chinese domestic market in the period before during those years. While there was a skyrocket increase of the both at import-exports, after year 2001, which was the year for China to become WTO member. This is because, by joining to WTO, number of State-owned companies (SOEs) increased and fraction of different kinds of exporters increased.

2.1.4. Main elements of Chinese Growth

Special Economic Zones (SEZs), or its synonyms; free trade zones, export-processing zones, industrial parks, free ports, enterprise zones or industrial clusters, are the key drivers to growth. In order to increase trade balance, investments and job opportunities SEZs are created. Basically, SEZ is a geographical concept in which an area is concentrated with similar kinds of firms in terms of businesses they do. The area also has more technological and capital-intensive formal sectors, government support, and direct foreign investment (FDI). High-tech industrial development,

exporting potential and employment are the contributors and the main drivers of SEZs. Another important tool is the total factor productivity, which makes considerable contribution to per capita GDP growth. This, in turn, increases trade and recruitment. Moreover, changes in the ownership structure of the economy and urbanization, increases labor productivity due to increased human capital and increased physical capital per worker, also results in increase of trade and recruitment as well⁵⁰.

It is quite common to say that China's high savings proportion is directly associated with national traditions. It is also known that Chinese household consumption increased at a dramatic average annual rate of 7 % between 1999 and 2007. Due to China's integration with global production networks, the country grew and could invest much more than before. In addition, becoming the global assembling/processing powerhouse and exporting its 45-55% of its total goods are some other reasons to elevate China's growth mode.

The production structure of China has emphasized on changing resources from the rural agricultural sector to tradable sectors, in which services are known to be non tradable sector.

China, as the largest developing country destination for FDI since 1993, attracted US\$92.4 billion in 2008, which almost equals to the one fifth of inflows of all developing countries. The inflows of East Asian economies are obtained through labor-intensive manufacturing sectors such as textiles, garments and footwear due to low labor costs. Inflow of FDI, opened up in the early 1980s, and gradually liberalized to include domestically oriented manufacturing and service sector investments in the early 1990s⁵¹. The reason is that manufacturers are mainly investment- oriented, this increases growth-RER relationship of China. In addition, by holding the wage growth at a lower rate than the growth rate of labor productivity and unit labor costs, the productivity growth increases, which in return boosts the competitiveness of domestically produced tradable.

⁵⁰ Hofman, B., Zhao*, M., & Ishihara*, Y. (2007). Asian development strategies: China and Indonesia compared. *Bulletin of Indonesian Economic Studies*, 43(2), 171-200

⁵¹ Chen, C. (2012). Has China attracted excessive FDI inflows?. *International Journal of Value Chain Management* 22, 6(1), 17-34.

China's growth since 1978 has been impressive by all measures. During 1978 – 2004, the average annual rates of growth in GDP and GDP per capita were 9.5% and 8.2%, respectively. Many factors are responsible for China's recent economic rise. In particular, two factors have played important roles in promoting China's growth. The first factor is investment, which has been growing at the real rate of 12% annually in between 1979-2004 years. This high rate of growth has been supported by a high rate of savings and a massive inflow of foreign direct investment (FDI). For instance the ratio of domestic savings over GDP increased from 10.1% in 1979 to 74.8% in 2004. During the same period, FDI increased from almost zero in 1977 to US\$60.6 billion by the end of 2004 according to National Bureau of Statistics, 2005.

The second factor is external demand. China's economic policies in the past decades have been very pro-trade. As a result, the value of China's exports has grown at the average rate of 18% in between the years 1979-2004. Furthermore, China's high economic performance is linked with rapid growth in total factor productivity (TFP). It measures the economic growth and the rate of TFP growth gives an indication of economic growth sustainability in the long run. Though economists are still debating on the role of TFP in economic growth, most empirical studies show that TFP growth rate calculations have played an important role in China's recent growth. As several studies also show, TFP have contributed to China's economic growth by 30% to 50% in 1990s. These estimates also imply that China's economic growth will be sustainable in long run.⁵²

Another important source of growth is yet to be fully exploited in China. That is domestic consumption, which has lagged behind the growth in investment and exports, especially in recent years. For instance, during 2000-2004, the annual real rate of growth in domestic consumption was 6.76% while the investment and exports were 13.45 and 25.40% respectively. However, recent developments in the real estate and automobile sectors may be an indication of a consumption boom. As recorded in National Bureau of Statistics, the numbers of private motor vehicles and construction sites have increased by 24.1% and 16.2% recently, in years 2001-2004. This could be counted as the 3rd factor to boost China's growth. Although sustained

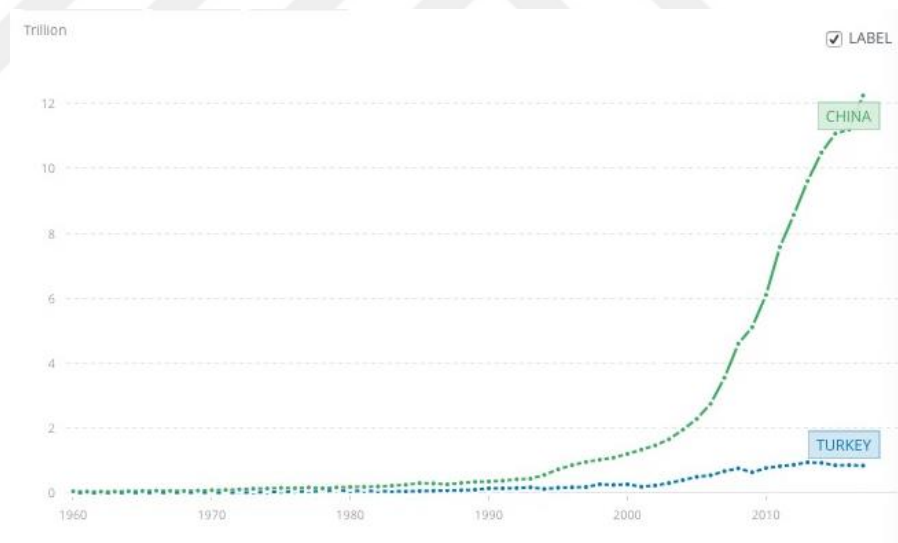
⁵² Zheng, M. (2008). Can China's Growth be Sustained? A Productivity Perspective. World Development Vol. 37, No. 4, pp. 874–888, 2009

growth is being substantially strengthened, China's economic power still has a long way to go, to become the richest nation in the world again, as it was in 17th century⁵³.

2.2. TURKEY-CHINA TRADE RELATIONS

China's economic growth is a major contributor to the global economy. China's economic activities such as imports and exports on international markets affect the economic growth, employments in some other countries and effects the international market prices of certain goods. Thus, many people in the world pay attention to China's economic activities. In order to understand the Turkey-China relationship, proper comparison needs to be done on the economies of these two countries.

Figure 13: Comparison between Chinese and Turkish Economy in terms of GDP (Current US\$)

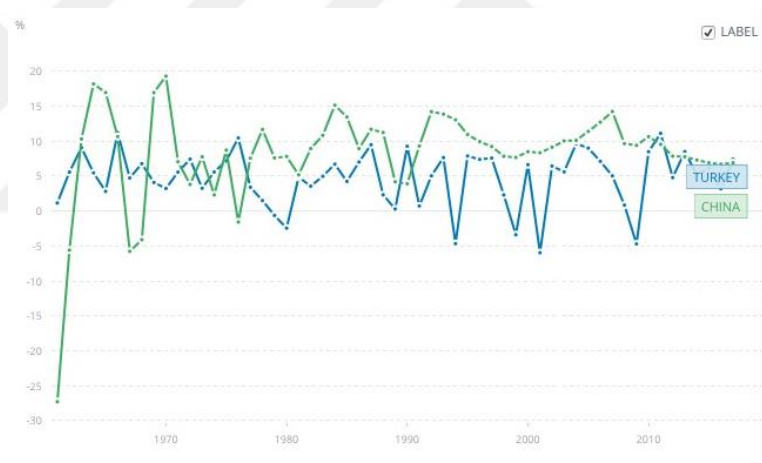


Source: (World Bank, 2018). Comparison of Chinese- Turkish Economy. [Online] Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=TR-CN>. [Accessed: 2 June 2018]

⁵³ Wu, Y. (Ed.). (2006). *Economic Growth, Transition, and Globalization in China*. Edward Elgar Publishing

It can be stated that the economy was predominated by protectionist and interventionist from 1930s to 1970s. The State was dominant on controlling the economic system. Accordingly, policies were mainly designed to protect the domestic industry from foreign competition. Particularly the infant industries were protected by using a various mixture of trade restrictions such as tariffs, tariff-like taxes and surcharges, import bans, quotas and foreign exchange controls. During this period fiscal deficits were financed by monetary expansion. State economic enterprises were created in sectors like steel production and mining. The state took over the control on the quantity and prices to balance the sectorial composition of investment among the private sector. Moreover, fixed exchange rates and exchange controls were maintained, which resulted in an overvalued domestic currency.

Figure 14: Comparison of GDP growth of Turkey and China



(World Bank, 2018). Comparison of Chinese- Turkish Economy. [Online] Available at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?view=chart> [Accessed: 2 June 2018]

The import of capital, intermediate goods and technology were benefitted from the substitution policy. The domestic production had to be ensured by imports and the resulting industrial domestic production was not supposed to be exposed to foreign competition. This policy hindered the entry of the Turkish goods into China. Public and private companies were protected significantly from foreign competition,

which led to an increase in import and a priority was given to the imports that are needed in the industrialization of the country⁵⁴.

After the establishment of the Republic of Turkey in 1923, a formal relationship emerged between modern Turkey and the Nationalist (Kuomintang) China. At the beginning of the Twentieth Century, Turkey was a model for Chinese reformists, revolutionaries and even early communists. After the end of the Chinese civil war in 1949, diplomatic relations between Turkey and Kuomintang Taiwan continued until the early 1970s.

The relationship between Turkey and China has rarely become a focal point for international observers in the early twenty-first century. Nevertheless, the two countries have undergone dramatic changes and started to be seen regional and global forces recently. Today, Turkey has the nineteenth largest economy and China has the second largest economy, worldwide. China's exports to Turkey reached \$1.43 billion in 2008, while China's from Turkey imports reached to \$ 15.6 billion in the same year. Turkey imported automatic data processing machines, wireless telephone devices, toys, audio-visual devices, cruise/ merchant ships. Meanwhile, China imports marble and travertine, chromium, copper, lead, iron, natural borate ores, boric oxide, boric acid from Turkey. In 2010, the amount of foreign trade between Turkey and China has increased by 36% to reach 20 billion dollars. In 2011 and 2012, Turkish-Chinese bilateral trade reached upto 24.1 billion dollars.⁵⁵

Moreover, tourism is used as a good tool to develop the economic and cultural relations with the PRC for Turkey. As Chinese tourist numbers started increasing since 2002, the nations' relations have been strengthening as well, to an extend that China celebrated Turkish Tourism Year in 2018. Moreover, there are seven flights from Istanbul to Beijing, Guanco and Shanghai, six flights to Hong Kong weekly, which is operated by Turkish Airlines. Turkey is also aware of the fact that, in order to deepen the interaction among people and the economy, the flight frequencies and destinations carries a great importance⁵⁶.

⁵⁴ Voigt, S. (2008). *On the trade integration effects of the customs union between Turkey and the EU*.

⁵⁵ Ministry of Foreign Affairs (2018). *Turkey- People's Republic of China Economic and Trade Relations*. Available: http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-china.en.mfa

⁵⁶ http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-china.en.mfa

2.2.1. Turkey-China Import Relations

Although China's fast economic growth is regarded as a blessing not only domestically but also in international arena, at the same time it is considered to be a threat to some other countries. The US economy has practically become Beijing's competitor. However, China's economic expansion didn't threaten the Middle East since mid-1990s, when China had to depend on them for oil.

Since the establishment of full diplomatic relations in 1971, both China and Turkey played a marginal role, at best, in each other's foreign policy. Bilateral trade figures tell the whole story. Turkey's US\$500 million export to China in 1993 kept declining and reached to US\$37 million in 1999, then it started to increase to US\$500 million in 2003 and ten years later it raised up to US\$700 million, which is a 40% increase since 1993. Moreover, Turkey's export to China showed an increasing pattern, by 2007 it reached to over one billion dollars that corresponds to 50% increase and by 2008 this reached to to \$1.437 billion. Yet China's achievements have been much more impressive than Turkey. In 1993, the value of China's export to Turkey remained at about \$250 million that is half of Turkey's export to China in that year. However, in 2006, Chinese export to Turkey reached to nearly US\$ 9 billion surplus, that increased by 37% in 2007 and additional 18% increase observed in 2008 corresponding to US\$ 15.658 billion, which is nearly 11 times more than Turkey's export to China. This in return, led to a Turkish deficit of about US\$ 14.2 billion. China's share in Turkey's import grew from 6.9% in 2006 to 7.8% in 2008⁵⁷. In 2000 China was ranked as 12th most exporting country to Turkey. Russia showed 105% increase from 2000 to 2006 when compared to itself in terms of exporting growth, while it showed, 350% higher exporting growth than Germany and 618% than China.⁵²

2.2.2. Turkey- China Export Relations

China and Turkey, two rapidly growing economic powers, have intensified their trade. Senior Chinese and Turkish leaders have been exchanging visits to

⁵⁷ Yee, H. S. (Ed.). (2010). *China's rise-threat or opportunity?*. Routledge

strengthen Sino-Turkish economic co-operation. Currently, the value of bilateral Turkish-Chinese trade is estimated as \$24 billion, which is planning to be raised to \$100 billion in the upcoming years. In reference to Turkish-Taiwanese economic co-operation, the two countries agreed to refrain from supporting the East Turkistan Liberation Movement and to support the One-China policy. In exchange, China would intensify bilateral trade relations to exceed to \$100 thousand million over the following 8 years and provide Turkey with ballistic missiles and other types of military needs. Turkey is also interested in opening up Turkish industries to Chinese markets⁵⁸.

2.2.3. Trade Deficit

Turkey officially recognized People's Republic of China in 1971 and by signing "Commercial Cooperation Agreement" in 1974. At the beginning of the 1980s, liberalization and outsourcing in the economies of both countries began simultaneously. First steps to develop economic relations between China and Turkey took place in this period. In 1990s, Turkey gave priority to decrease the bilateral trade deficit but wasn't successful due to not providing an adequate step. Therefore, in 2000s new perspective was used in Turkey – China economic relations. In the new era of China-Turkey economic relations, trade deficit focused on the investments from a trade centered perspective.⁵⁹

A survey carried out by the Ankara Chamber of Commerce indicates that 25 Turkish economic sectors heavily depend on Chinese goods. Approximately 80 % of the ready-made garment and toy industry is dominated by Chinese products and 100 % of leather products controlled by China. Other sectors as well, are greatly dominated by Chinese products. The survey also claims that there is a large amount of informal imports in Turkey beyond China's official imports, and this situation creates an "unfair competition". China's commercial penetration reached such proportions as "each of the Chinese products placed at the Turkish ports are clogging

⁵⁸ Olimat, M. (2012). *China and the Middle East: from silk road to Arab spring*. Routledge

⁵⁹ Ünay, S., & Atılı, A. (2014, June). Küreselleşme Sürecinde Türkiye-Çin Ekonomik İlişkileri. SETA.

a Turkish factory”. Although the trade gap between Turkey and China has declined relatively recently, it has increased significantly in absolute terms⁶⁰.

For Beijing, Turkey is not a terminal but a gateway to Europe, since EU and EFTA (European Free Trade Association) have free trade agreements with Turkey. China can produce its own products, put their labels in Turkey and easily get them into the European market. Beijing uses this method, in order to prevent tariffs and quotas imposed by the EU and to reach the export quota. In addition to its business growth, Beijing increased its presence in Turkey as well, through “international economic cooperation”. Turkey was China’s third largest overseas project contractor as reported in 2008⁶¹.

Since the establishment of the official relations between Turkey and China, bilateral trade with China gained a different meaning rather than trading only. Moreover, imported goods from China to Turkey continued to increase rapidly and created good relations between these two countries. While most of the countries around the world kept going under crises, China started to raise from it and add value to its economy.⁶²

China kept rate of increase at exporting its goods globally, we can observe through the data that, Turkey also showed similar growth rate as China, in last decades. Although China's share in Turkey's total imports increased rapidly, it is seen that the share of Turkey's exports increased in the same way. In 1980s and 1990s, China and Turkey had parallel ratios. However, Turkey had boosted up its economy and this situation has changed due to Turkey's total imports increased faster than imports from China during 2000s. Turkey's trade deficit with China has grown faster than the overall trade deficit, since exports to China are growing at a lower rate than average.

⁶⁰ Tao, Y., & Fu, X. (2007). China’s textile industry international competitive advantage and policy suggestion. *Business and Public Administration Studies*, 2(1), 84.

⁶¹ Yee, H. S. (Ed.). (2010). *China's rise-threat or opportunity?*. Routledge.

⁶² Turkish Statistical Institute. (2018, June 29). Foreign Trade Statistics. Retrieved from http://www.tuik.gov.tr/PreTablo.do?alt_id=1046

CHAPTER THREE

DATA AND METHODOLOGY

The data was obtained through carrying a survey out on the companies that are having businesses with China. Respondent companies' demographic characters, structures, trade actions as well as problems being faced during businesses with China, and solutions for those problems were investigated. In addition, based on the companies' experiences, their advices to other companies wishing to initiate business with China were also examined. Furthermore, the companies' trade direction and their opinion for Turkey's membership of global economic organizations such as European Union (EU) and/or Shanghai Cooperation Organization (SCO) were questioned.

Survey was applied online to 55 respondent companies. There are 32 questions in the survey. Survey was conducted in January 2017. For analysis, Statistical Package for the Social Sciences (SPSS) was used.

Chi square test was used to test the observed and the expected frequencies' significant differences in several different categories.

Moreover, Chi Square Test of Independence (also known as Chi-Square Test of Association) is used for analysis. In this test, only categorical variables could be compared. The reason is that the data obtained cannot provide any inferences about causation⁶³. Furthermore, with the help of this test, significant association of two variables could be investigated. Another statistical test used in this study is the Mann Whitney U Test which is a non-parametric equivalent of the two sample t-tests⁶⁴. Through this test, two sample means are compared with each other to investigate whether they belong to the same population or not. Therefore, specific assumptions were used while testing the relationship between two variables.

The main motivation of this thesis is to investigate Turkey- China relationship in terms of trading. Five hypotheses were used to study the trade

⁶³ SPSS Tutorials: Chi-Square Test of Independence. (n.d.). Retrieved from <https://libguides.library.kent.edu/SPSS/ChiSquare>

⁶⁴ Mann-Whitney U Test. (2016, April 07). Retrieved from http://www.ucl.ac.uk/ich/short-courses-events/about-stats-courses/stats-rm/Chapter_8_Content/Mann-Whitney_U_test

specific characteristic. First three hypotheses are targeted to understand the reasons of respondent companies for preferring China to do business with. For statistical analysis of the data, Chi square test was applied and the three hypotheses are as follows;

H 1: Qualified personal accessibility affects doing business with China positively.

The first hypothesis also investigates the obstacles being faced while finding suitable and qualified personnel as well.

H 2: Foreign trade volume in China will move to the neighboring countries.

It also investigates the idea of China's future of being a factory of the world since China will not have enough space in its neighboring countries soon.

H 3: The latest technology/service and personnel are major reasons for doing business with China. The third hypothesis also investigates, if the companies are expecting China to continue to allocate great resources, high technology and R & D investments as well.

Whereas fourth and fifth hypotheses aim to understand respondent companies' point of view about Turkey's membership of global economic organizations such as European Union and Shanghai Cooperation Organization.

H 4: Trade directions (importing- exporting) effect Turkey's opinion on choosing memberships in international organizations.

H 5: Investigates the effect of Turkey's office location in international organizations such as European Union (EU) and/or Shanghai Cooperation Organization (SCO).

In summary, to understand the trade relations between Turkey and China in a better way, survey was applied to a broad range of companies that have different demographic characters, structures, trade habits, obstacles and solution approaches, experiences and suggestions.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. DEMOGRAPHIC CHARACTERISTICS

In this section, demographic characteristics and various other characteristics of the companies that participated in the survey are examined. Firstly, the frequency distribution of the demographic characteristics of the respondents participating in the survey is investigated. According to results shown in Figure 10 and Table 1, 80% of the respondents were male. 43.6% of male respondents were in the age range of 18-30 and 55.6% were married. 67.3% of the respondents have a college degree, 27.3% of the respondents have masters or doctoral degree and 5.5% of the respondents have high school degree. Respondents refers individual person here.

Figure 15: Frequency distribution of the demographic characteristics of the respondents



Table 1: Data used in frequency distribution of the demographic characteristics of the workers participating in the survey

		n	Percentage %
Gender	Male	44	80.00%
	Female	11	20.00%
Age	18-30	24	43.60%
	31-40	22	40.00%
	41-50	6	10.90%
	More than 51	3	5.50%
Marital Status	Married	30	55.60%
	Single	24	44.40%
Educational Status	High School	3	5.50%
	College	37	67.30%
	Master's-P.hD	15	27.30%

Figure 15 and Table 2 show the distribution of the English and Chinese language levels of respondents, who do business with China. 51.9%, 48.1%, 49.1% and 50.9% of the respondents are at advanced level in reading, writing, listening and speaking in English respectively. In addition, 16.7%, 14.8%, 24.1% and 24.1% of the respondents are at advanced level in reading, writing, listening, and speaking in Chinese. The advanced English level is 50%, while this number is between 15% - 24% in advanced Chinese language level. The rate of those, who do not speak English, is below 4%, while the rate of those, who do not speak Chinese is over 50%. Analyzes given in table 2, evaluates the consulted institutions' language profiles. Chinese speaking respondents are better at listening and speaking skills than reading and writing. Probably this is because they are self-educated in Chinese. In other words, it could be concluded from the data that, respondents, who do not learn Chinese in college, shows lower skills in reading and writing. This could form an obstacle in the understand of Chinese culture.

Figure 16: Language levels distribution of employees

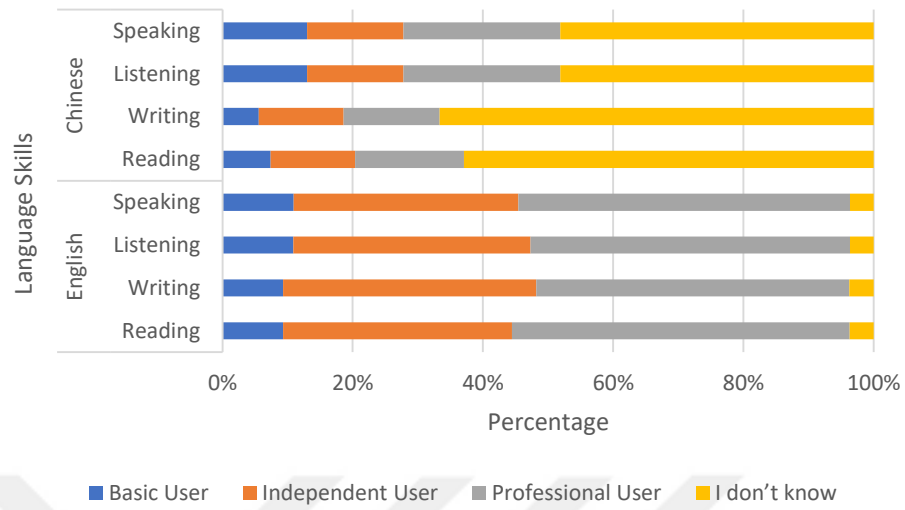


Table 2: Data used in language levels distribution of employees

		Basic User		Independent User		Professional User		I don't Know	
		n	%	n	%	n	%	n	%
English	Reading	5	9.30%	19	35.20%	28	51.90%	2	3.70%
	Writing	5	9.30%	21	38.90%	26	48.10%	2	3.70%
	Listening	6	10.90%	20	36.40%	27	49.10%	2	3.60%
	Speaking	6	10.90%	19	34.50%	28	50.90%	2	3.60%
Chinese	Reading	4	7.40%	7	13.00%	9	16.70%	34	63.00%
	Writing	3	5.60%	7	13.00%	8	14.80%	36	66.70%
	Listening	7	13.00%	8	14.80%	13	24.10%	26	48.10%
	Speaking	7	13.00%	8	14.80%	13	24.10%	26	48.10%

Company structure is another important point that was investigated in the survey. As summarized in Table 3, 42.6% of the respondents in the survey had a manager position and 35.2% had an owner position in the companies. 52.7% of the companies participating in the survey have an office only in Turkey. 36.4% of the respondent companies have office, in both countries. 10.9% of the companies participating in the survey have an office only in China. 87.3% of the companies did not have a Chinese partner and 70.9% did not have any other partnership. 81.8% of the companies have 0-9 employees in the firms located in China and 30.9% of the companies have 50-249 employees in the firms located in Turkey. The Turkish

companies are mainly small and medium sized, due to Turkey preferring to do business within the country only. As results show when Turkish companies get themselves into the Chinese market, they don't choose to work with Chinese partners.

Table 3: Results of the survey related with company structure

		n	Percentage %
Position in Company	Owner	19	35.2%
	Manager	23	42.6%
	Foreign Trade Specialist	3	5.6%
	Sales Representative	3	5.6%
	Export Specialist	1	1.9%
	Product Manager	3	5.6%
	Marketing Specialist	1	1.9%
	Worker	1	1.9%
Countries where your office is located	China	6	10.9%
	Turkey	29	52.7%
	Both	20	36.4%
Do you have a Chinese partner?	Yes	7	12.7%
	No	48	87.3%
Do you have partnership in other countries where you do business?	Yes	16	29.1%
	No	39	70.9%
Number of employees in your company located in China	0-9	45	81.8%
	10-49	5	9.1%
	50-249	3	5.5%
	250-499	2	3.6%
Number of employees in your company located in Turkey	0-9	15	27.3%
	10-49	14	25.5%
	50-249	17	30.9%
	250-499	5	9.1%
	500 and more	4	7.3%

Besides these demographic characters, import-export directions of the companies are investigated through the survey. According to the results given in Table 4, it can be seen that 40% of the enterprises have 2.5 Million dollar annual profit and 50.9% of the companies do both import and export. 74.5% of the firms have done trading with other companies outside of China. 92.7% of the firms have a website, while 78.2% have a website both in Turkish and English language

preferences. 81.8% of companies use WeChat and other social media channels. WeChat is the most popular application in China. Money/file transfer, chat etc. can be done through the application. WeChat is a mobile application which helps smartphone users to meet new people and socialize as well. In addition, the most important feature of this application is the '2D barcode' which allows easy money transfer, as well as receiving/sending cash from/to crucial places like market, store, cargo, company etc. One can experience wonders of the banking system through this application. Considering the results of the survey, Turkish firms don't have the Chinese language preference on their website. Moreover, Turkish companies do not promote their businesses in China. These could be indicators that Turkish companies usually make purchases from China. Same Turkish firms' available offices both present in China and Turkey were compared. The results show that there was less number of available offices of the same firms in China. This implies us that these firms prefer to manage their organization from their central office in Turkey. Regarding in- depth interview, the reason behind not having many available offices in China is, either Turkish firms do not know procedures in China or the procedures are very tight. Moreover, respondent firms which have organizations in China, have very low number of employees. Annual profit and number of employee shows us that the most of the respondent firms are small and medium sized enterprises.

Table 4: Data shows the actions of companies investigated in the survey

		N	Percentage %
Annual balance of the company	Less Than 250 Thousand US Dollars	4	7.30%
	250 Thousand US Dollars (not included) - 2.5 US Million Dollars	22	40.00%
	2.5 Million US Dollars (not included) - 11.5 Million US Dollars	11	20.00%
	11.5 Million US Dollars (not included) - 25 Million US Dollars	7	12.70%

	25 Million US Dollars (not included) -50 Million US Dollars	3	5.50%
	50 US Million Dollars and above	8	14.50%
Direction of trade	Import-Export	28	50.90%
	Export	7	12.70%
	Import	20	36.40%
Do you trade with other countries other than China?	Yes	41	74.50%
	No	14	25.50%
Do you have a website?	Yes	51	92.70%
	No	4	7.30%
If Yes, which language is your website?	Turkish and English	43	78.20%
	Turkish, English and Chinese	7	12.70%
	English	5	9.10%
Do you use WeChat and other social media channels?	Yes	45	81.80%
	No	10	18.20%

Reasons behind doing business with China is investigated through the survey as well. Table 5 shows the frequency distribution of the answers to the reasons for doing business with China and its advantages. According to the responses; 30% said that they carry out business with China because of its cost advantage, while 67.3% of the respondents' reason was China providing a competitive advantage over other countries. While 48% of the respondents' reason for carrying out business with China, is the ease of finding new products in the market. The results suggest that the companies have great advantage and competition power at working with China, but they have a disadvantage in terms of total quality standards.

According to table 5; the most important problems are the obstacles to find qualified employee, quality and payment problems. The cost advantages, having a competitive market and being able to reach to new products are the points that make China attractive for Turkish companies. From survey, it can be concluded that Chinese people prefer to do business with cash. It can be considered that the firms have higher profits because they have the cost advantage when purchasing. Companies prefer existing in this market. Regarding in-depth interview, the reason is

that doing business with their competitors is almost equal to the rate of companies that do not have anything to do with this.

Table 5: Data related with frequency distribution of answers to questions about the reasons for doing business with China and its advantages.

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	n	%	n	%	n	%	n	%
We do business because we provide cost advantage.	4	8.00%	6	12.00%	3	6.00%	22	44.00%	15	30.00%
We are doing business in China and China where we can sell product services to neighboring countries.	11	22.00%	11	22.00%	3	6.00%	15	30.00%	10	20.00%
We do business in China because we can reach new products more easily.	0	0.00%	6	12.00%	9	18.00%	24	48.00%	11	22.00%
We do business in China because we provide the type of payment and convenience.	9	17.60%	16	31.40%	11	21.60%	13	25.50%	2	3.90%
We do business in China because we have the advantage of paying by credit.	13	26.00%	19	38.00%	12	24.00%	5	10.00%	1	2.00%
We are doing business in China because we can work very high profit margins.	7	13.70%	13	25.50%	10	19.60%	21	41.20%	0	0.00%
We are doing business with China because China can offer the latest technology/services.	2	4.00%	12	24.00%	15	30.00%	20	40.00%	1	2.00%
The leading companies in the industry we work with are working with China. We are doing business with China because we follow them.	8	15.40%	13	25.00%	10	19.20%	14	26.90%	7	13.50%
We are doing business with China to work according to the total quality rules.	7	14.30%	20	40.80%	16	32.70%	6	12.20%	0	0.00%
We are also working with China to find qualified staff in China.	9	18.00%	18	36.00%	17	34.00%	5	10.00%	1	2.00%
We do it because it provides competitive advantage in the market.	1	1.90%	5	9.60%	4	7.70%	35	67.30%	7	13.50%

Another demographic character related with companies' structures, their experiences about difficulties, obstacles and the disadvantages while doing business with China is also investigated in the survey. These all are shown in Table 6. 32.7% of the respondents stated that, the regulations imposed on visa applications are an obstacle, for carrying more frequent business with China. On the other hand, 46.2% of the respondents agree that there is an intense competition, which shows that intense competition in China is a challenging problem for Turkish companies. The least problematic elements for the companies were shipping-logistics with 44.9% (disagree) and cultural differences 10.0% (strongly disagree). In general, survey results conclude that the bureaucratic processes are the major challenges for Turkish companies, while doing business in China.

When results are investigated deeply, cultural differences is classified as the least problematic issue among the problems that Turks face while working with Chinese people. The reason is that Turks marry the Chinese and get used to their culture in a short period. In addition, majority of the Chinese, talk in English language rather than Chinese language. Visa status is not a problem for those who are married to Chinese, however, it can be a serious problem for those who aren't married to Chinese.

The challenges Turkish firms face with Chinese firms while doing business are seen with a clearer ranking in the next question of survey that is shown in Table 6

Table 6: Data of several different difficulties companies face while doing business with China

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	n	%	n	%	n	%	n	%
Insufficient financial capital	0	0.00%	22	44.00%	11	22.00%	14	28.00%	3	6.00%
Stagnation in the market	2	4.20%	20	41.70%	11	22.90%	10	20.80%	5	10.40%
Intense competition	1	1.90%	10	19.20%	7	13.50%	24	46.20%	10	19.20%
Problems with collection of receivables	0	0.00%	16	32.70%	15	30.60%	15	30.60%	3	6.10%

Failure to pay debts on time	0	0.00%	19	40.40%	17	36.20%	9	19.10%	2	4.30%
Loan failure	0	0.00%	16	32.70%	14	28.60%	14	28.60%	5	10.20%
Bureaucratic obstacles	0	0.00%	11	22.40%	13	26.50%	14	28.60%	11	22.40%
Inadequate government incentives	2	4.00%	14	28.00%	13	26.00%	11	22.00%	10	20.00%
Failure to provide qualified personnel	2	4.20%	13	27.10%	17	35.40%	12	25.00%	4	8.30%
High pay levels	1	2.10%	16	33.30%	15	31.20%	16	33.30%	0	0.00%
Shipping logistics problems	5	10.00%	20	40.00%	11	22.00%	12	24.00%	2	4.00%
High taxes	1	2.00%	13	26.50%	12	24.50%	15	30.60%	8	16.30%
Foreign market spread problems	0	0.00%	16	32.70%	15	30.60%	12	24.50%	6	12.20%
Regulations on visa applications	1	2.00%	8	16.30%	12	24.50%	12	24.50%	16	32.70%
Cultural differences	2	4.10%	22	44.90%	8	16.30%	12	24.50%	5	10.20%
Customs legislation applications	0	0.00%	10	21.30%	16	34.00%	15	31.90%	6	12.80%

There are questions in our survey to specify the difficulties. Turkish firms face while doing business in China, which is listed in Table 7. In this question of survey, a specific scale is used. Number seven corresponds to the least important problem, while number one corresponds to the most important problem. According to this, 36.6% of the respondents express that the most challenging problem is obtaining visas. This problem is followed by exchange rate fluctuations, Chinese business ethics and Customs legislation. Based on the information from responses, the least challenge is the payment conditions for Turkish companies.

The Turkish companies were asked to rank their most difficult obstacles. As mentioned before, the visa can be a problem for a company owner or manager who is not married to a Chinese. Probably, the companies that rank the exchange fluctuation rate as the most difficult issue they face are the purchasing firms. Sales companies are less likely to be affected by the floating exchange rate. Most probably, firms that face difficulties in Chinese language are the ones, which convey that they are having trouble with the working ethics of Chinese regulations. Language is the first step of

understanding the ethics and due to the lack of communication (by not knowing the Chinese language) companies cannot complain or give information about the problems they face after they purchase service and customer satisfaction. Companies those responded to the custom problems as their number one problem, most probably have big issues during import and export. When importing anti-dumping duties, or when exporting, China's sensitivity in accepting food products in particular must be taken into account.

Table 7: Ranking scale of difficulties that Turkish firms face while doing business in China

	1		2		3		4		5		6		7	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Obstacles in visa obtaining	15	36.60%	3	7.30%	2	4.90%	4	9.80%	2	4.90%	1	2.40%	14	34.10%
Business Ethics of Chinese	5	13.20%	10	26.30%	5	13.20%	1	2.60%	6	15.80%	8	21.10%	3	7.90%
Terms of Payment	1	2.60%	5	13.20%	11	28.90%	6	15.80%	6	15.80%	4	10.50%	5	13.20%
Logistics Costs	7	17.50%	2	5.00%	5	12.50%	10	25.00%	12	30.00%	2	5.00%	2	5.00%
Failure to provide qualified employee	4	10.00%	5	12.50%	8	20.00%	8	20.00%	6	15.00%	6	15.00%	3	7.50%
Custom Legislation	1	2.60%	10	25.60%	8	20.50%	7	17.90%	3	7.70%	5	12.80%	5	12.80%
Exchange Rate volatility	9	20.90%	6	14.00%	3	7.00%	5	11.60%	3	7.00%	10	23.30%	7	16.30%

After defining the possible problems Turkish firms face while doing business in China, their attitude to solve these issues are also investigated. Table 8 shows the ways Turkish firms follow while dealing with any kind of problems they face during the business with China. Accordingly, it is found that 22.4% of the Turkish firms tried to solve their problems by consulting to foreign trade experts, while 16.3% use relevant local authorities for solving their issues. Depending on the survey results shown in the Table 8, Turkish firms do not prefer to consult to Turks in case of a

possible problem. It is a crucial point in the sector and Turks may not know the Chinese ethics well and could be mistaken.

Table 8: Data of Turkish companies' preferences when they faced with problems.

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	n	%	n	%	n	%	n	%
I consult to Chinese people.	1	2.1%	11	22.9%	6	12.5%	24	50.0%	6	12.5%
I consult to Turkish people.	4	8.5%	8	17.0%	9	19.1%	21	44.7%	5	10.6%
I consult to foreign trade expert.	5	10.2%	3	6.1%	6	12.2%	24	49.0%	11	22.4%
I consult to relevant local authorities.	2	4.1%	7	14.3%	4	8.2%	28	57.1%	8	16.3%

Turkish firms that carry out business in China achieved many successes. Table 9 shows the distribution of the opinions about the achievements of Turkish firms having businesses in China. It is shown that 12.0% of the respondents replied that they strongly agree that their sales increased when they were doing business in China. 68.1% of the respondents replied that they agree on their knowledge of new products/services are increased. According to the same questionnaire, majority of the Turkish firms that are doing business in China, follow new products, increase their sales, increase the number of customers, lower their costs and increase their brands' popularity. For Turkish firms, the least achievement in business with China was about the short debt payment time. If the Turkish firms reach the right quality and innovative product, it is expected to be successful in other issues and customer satisfaction as well. Firms that cannot reach to the customer satisfaction are hesitant about the question. Generally, it seems that the majority are hesitant about their success in payment and capital issues.

Table 9: Turkish firms' achievements for business life in China

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	n	%	n	%	n	%	n	%
Our sales volume increased.	1	2.00%	2	4.00%	13	26.00%	28	56.00%	6	12.00%
Our revenue from improved product/service increased.	2	3.90%	5	9.80%	9	17.60%	30	58.80%	5	9.80%
The number of customers increased.	2	3.90%	3	5.90%	12	23.50%	28	54.90%	6	11.80%
The speed of new product / service development and market launch is accelerated.	0	0.00%	4	8.00%	15	30.00%	26	52.00%	5	10.00%
The speed of reaching the break-even point of the new product is accelerated.	0	0.00%	5	10.00%	18	36.00%	24	48.00%	3	6.00%
Our costs are decreased.	4	8.00%	7	14.00%	9	18.00%	25	50.00%	5	10.00%
The delivery time of the products to the customer was accelerated.	1	2.00%	10	20.40%	18	36.70%	17	34.70%	3	6.10%
We grew our market share in Turkey's market.	2	4.20%	5	10.40%	10	20.80%	27	56.20%	4	8.30%
Our market share grew in the national market.	1	2.00%	5	10.20%	18	36.70%	21	42.90%	4	8.20%
Productivity increased.	0	0.00%	3	6.10%	22	44.90%	20	40.80%	4	8.20%
The financial strength of the company increased.	1	2.10%	3	6.40%	19	40.40%	20	42.60%	4	8.50%
the pay-off time was short.	4	8.70%	10	21.70%	16	34.80%	14	30.40%	2	4.30%
The return of the capital is accelerated.	1	2.20%	5	10.90%	19	41.30%	18	39.10%	3	6.50%
Our product/ service quality has improved.	0	0.00%	7	14.90%	14	29.80%	22	46.80%	4	8.50%
Customer satisfaction increased.	0	0.00%	1	2.10%	21	43.80%	21	43.80%	5	10.40%
Acquisition of information on customers increased.	2	4.30%	1	2.10%	19	40.40%	20	42.60%	5	10.60%
Acquisition of information on new products/services increased.	1	2.10%	1	2.10%	9	19.10%	32	68.10%	4	8.50%
Employee satisfaction increased.	2	4.20%	11	22.90%	19	39.60%	12	25.00%	4	8.30%
Employee's commitment to business increased.	2	4.30%	10	21.30%	20	42.60%	12	25.50%	3	6.40%
The number of proposals applied to improve quality has increased.	1	2.10%	4	8.50%	13	27.70%	26	55.30%	3	6.40%
Our brand awareness has improved.	1	2.00%	1	2.00%	16	32.00%	28	56.00%	4	8.00%

Firms that carry out some business in China have some business expectations and these were also investigated in our survey. Table 10 shows the frequency distribution of Turkish firms' expectations and forecasts for business life in China. According to these results shown in Table 10, 30.0% of the Turkish companies

strongly agree that branding will become more important in China, 24.0% of them strongly agree that the cost of the workers within China will increase and 22.0% of them strongly agree its brands to make attractive commercial advertisement in order to sell its distributorship. On the other hand, Turkish firms also expect that they will take important steps towards transforming the economy into models based on imports and domestic consumption.

The amount of people who remained neutral to the question about the loss of cost advantage and those who replied to the question are the same number. This shows that there might be a loss at the profit advantage in some sectors. China is becoming more attractive in terms of cost advantages than its neighboring countries and China's neighboring countries have never been able to produce as large volumes as China do. There are high expectations from people that China will focus to innovative high quality products and this will break the prejudice that Chinese products are cheap/ low quality. It is observed that China is increasing the production according to the total quality rules. Expectations about the fall in commercial volume related to logistics and customs regulations have been accepted. In the question of estimation on the visa topic to trading, the respondents gave neutral responses.

Table 10: Turkish firms' expectations and forecasts for business life in China

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	N	%	n	%	n	%	n	%
I think workers' costs will increase.	0	0.00%	6	12.00%	6	12.00%	26	52.00%	12	24.00%
I think China will pay more attention to branding.	1	2.00%	3	6.00%	6	12.00%	25	50.00%	15	30.00%
I think cost advantage will be lost.	1	2.00%	9	18.00%	15	30.00%	15	30.00%	10	20.00%
I think trade in China will move to neighboring countries.	2	4.00%	7	14.00%	14	28.00%	17	34.00%	10	20.00%
I do not think China will ever lose the feature of being a factory of the world since China neighbor countries will not have enough volume..	2	4.00%	9	18.00%	18	36.00%	20	40.00%	1	2.00%
I think that it will grow even slowly over the long years because of diversity (product/ service) and accessibility.	0	0.00%	2	4.00%	12	24.00%	33	66.00%	3	6.00%
I think that it will increase production and service quality by paying attention to total quality rules.	2	4.00%	2	4.00%	10	20.00%	28	56.00%	8	16.00%
I expect my brands to do commercial beats to sell their distributorship.	0	0.00%	4	8.00%	9	18.00%	26	52.00%	11	22.00%
I think commercial life will slow down because of the visa problems that are going on.	1	2.00%	9	18.40%	17	34.70%	13	26.50%	9	18.40%

I think trade will be slow because of difficult customs and logistics regulations.	0	0.00%	7	14.00%	17	34.00%	19	38.00%	7	14.00%
I look forward to continuing to allocate great resources to advanced technology and R&D investments.	1	2.00%	0	0.00%	6	12.00%	34	68.00%	9	18.00%
I expect to take bigger steps to improve the business environment.	0	0.00%	4	8.20%	11	22.40%	29	59.20%	5	10.20%
I think that you will continue to pursue discriminatory policies against foreign companies when buying.	1	2.00%	4	8.20%	17	34.70%	20	40.80%	7	14.30%
I think that the economy will take important steps towards converting imports based on exports and modeling based on domestic consumption.	4	8.20%	7	14.30%	12	24.50%	21	42.90%	5	10.20%

Turkish companies state that, while carrying out businesses in China, they gain experience and this brings them success. In our study, newly-hired people's opinions are included too. Table 11 shows the frequency distribution of the questions related to the suggestions of the Turkish companies to the new upcoming companies that will have commercial associations with China. According to these results, 58.0% of the respondents agreed strongly that companies must suggest good language skills either in Chinese or English. 48.0% of the respondents suggest that knowing the customs legislation very well. 40% of the respondents suggest that paying attention to the regulations, to the visa procedures and to the payment dates as promised. Then the companies can succeed easily.

Turkish firms have emphasized the sensitivity in terms of language with their responses. Apart from this, they clearly showed the need to be sensitive to the regulations related to the customs. When they first started to do business, they were hesitant about having a Chinese partner. At the same time, it can be seen that close relations with one-to-one verbal or necessary authorizations are sometimes more important than a written document. However, attention must be paid to the written documents, especially while checking the legal procedures.

Table 11: Suggestions from Turkish firms to those who started new commercial ties with China

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	N	%	n	%	n	%	n	%
Good skills at least one of Chinese or English	0	0.00%	2	4.00%	4	8.00%	15	30.00%	29	58.00%
Paying attention to the regulations and time related to the visa.	1	2.00%	2	4.10%	4	8.20%	22	44.90%	20	40.80%
Consulting private companies for market research.	3	6.20%	5	10.40%	14	29.20%	22	45.80%	4	8.30%
Good observations about competitors.	0	0.00%	2	4.10%	3	6.10%	28	57.10%	16	32.70%
Gathering professional advice from Chinese consultants.	1	2.00%	4	8.20%	21	42.90%	20	40.80%	3	6.10%
Taking advantage of the experiences of Turks living in China.	0	0.00%	2	4.00%	13	26.00%	25	50.00%	10	20.00%
Certainly, start to do business in Chinese partnership.	1	2.00%	13	26.50%	22	44.90%	13	26.50%	0	0.00%
All certificates and qualifications required for the job should be known.	0	0.00%	1	2.00%	6	12.00%	25	50.00%	18	36.00%
Well-adjusted capital.	0	0.00%	1	2.00%	5	10.00%	29	58.00%	15	30.00%
Customs legislation is very well known (especially when bringing products to China.).	0	0.00%	2	4.00%	2	4.00%	22	44.00%	24	48.00%
Making payment easier, paying attention to the payment dates as promised.	1	2.00%	1	2.00%	2	4.10%	25	51.00%	20	40.80%
To understand China, it needs to have more Chinese networks.	0	0.00%	2	4.00%	7	14.00%	24	48.00%	17	34.00%
No over-bargaining.	3	6.10%	9	18.40%	12	24.50%	18	36.70%	7	14.30%
Attendance at the foyer.	0	0.00%	1	2.00%	7	14.00%	29	58.00%	13	26.00%
Always audit.	0	0.00%	1	2.00%	6	12.00%	29	58.00%	14	28.00%
Must be supported by Commercial Attachés and Embassies.	0	0.00%	4	8.00%	14	28.00%	22	44.00%	10	20.00%
Local culture should be adopted.	0	0.00%	5	10.00%	14	28.00%	19	38.00%	12	24.00%
Aware of Chinese customers are very selective and careful.	1	2.10%	2	4.20%	12	25.00%	22	45.80%	11	22.90%
Close links should be established with the local government authorities in the state and territories in which China is engaged. (Guanxi, meaning: Building relationship)-	0	0.00%	4	8.20%	14	28.60%	20	40.80%	11	22.40%
" My culture and my tradition of doing business" is an important place in the business world.	0	0.00%	2	4.10%	7	14.30%	29	59.20%	11	22.40%
When establishing a joint venture with a Chinese company, the responsibility and authority of the company and its senior officials must be well known and clearly stated in the contact.	0	0.00%	0	0.00%	6	12.20%	25	51.00%	18	36.70%
It should not be forgotten that China is sensitive about infringement of intellectual property rights and patent theft.	1	2.00%	3	6.10%	11	22.40%	19	38.80%	15	30.60%
If we want to buy a brand in China, we must definitely win a Chinese name.	1	2.00%	2	4.00%	17	34.00%	16	32.00%	14	28.00%

Turkish companies' attitudes and their participations in European Union and Shanghai Cooperation Organizations (SCO) are investigated, lastly. Investigating these factors are crucial, because they affect the trading relation between the two

countries. According to Table 12, 27,5% of the respondents strongly agree to continuum of the Turkey's candidateship to European Union. On the other hand, 33,3% of the respondents agree that Turkey should be a member of both Shanghai Cooperation and the European Union. 51,0% of the respondents strongly disagree on Turkey being a member of neither Shanghai Cooperation nor the European Union. Turkish firms may think that it would be advantageous for them to participate in either groups. Although they think that SCO is necessary for doing business with China, companies prefer to be a member of European Union rather than SCO.

Table 12: Attitudes of Turkish companies doing business in China

	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	n	%	n	%	n	%	n	%	n	%
Turkey should continue candidateship to the European Union	9	17.60%	5	9.80%	11	21.60%	12	23.50%	14	27.50%
Turkey should be directed to the Shanghai Cooperation Organization instead of the European Union.	5	9.80%	16	31.40%	13	25.50%	6	11.80%	11	21.60%
Turkey should be in both the Shanghai Cooperation Organization and the European Union.	6	11.80%	7	13.70%	13	25.50%	17	33.30%	8	15.70%
Turkey should be in neither in the Shanghai Cooperation Organization nor the European Union.	26	51.00%	9	17.60%	7	13.70%	4	7.80%	5	9.80%

To understand trade relations between Turkey and China better, characteristics of companies, which are doing business with China should be examined in details. For this purpose, demographic characteristics of respondent companies are investigated deeply via specific questions in the survey. As a conclusion, structure, attitude and experiences of respondent companies provide important information for further analysis that will be explained in next section.

4.2. TRADE CHARACTERISTICS

Investigation of respondent companies' demographic features which explained in the previous section show that delving into trade specific characteristics

through statistical analysis is a requirement to understand the trade relationship between Turkey and China in a better way. For this purpose, there are five hypotheses for statistical analysis to deduce from trade specific nature of respondent companies. In that manner, first three hypotheses focus on exploring reasons for the respondent companies to choose China for doing business. Whereas the last two hypotheses focus on respondent firms' point of views and comments about Turkey's membership of global trade organizations such as European Union and/or Shanghai Cooperation Organization (SCO).

According to demographic data obtained from the survey, the hypotheses stated in Chapter three are interpreted as the following;

The following paragraphs, tables and figures are the interpretations of the first hypothesis.

Figure 17: Graphical illustration of survey analysis results for first hypothesis



It basically investigates the relationship between choosing China to do business with and ability to reach qualified employees. Results shown in Figure 17 and Table 13, indicate that ability to find qualified employees is not a reason to choose China for business. The two variables are significantly different from each

other, at $p > 0.05$ significance. The majority of the respondents (50%) who prefer China to do business with, also agree that China do not have problem to find qualified employees. Because, employees must improve their skills to find a good job and thus most of them are qualified.

Table 13: Chi-Square analysis table of survey analysis results for first hypothesis

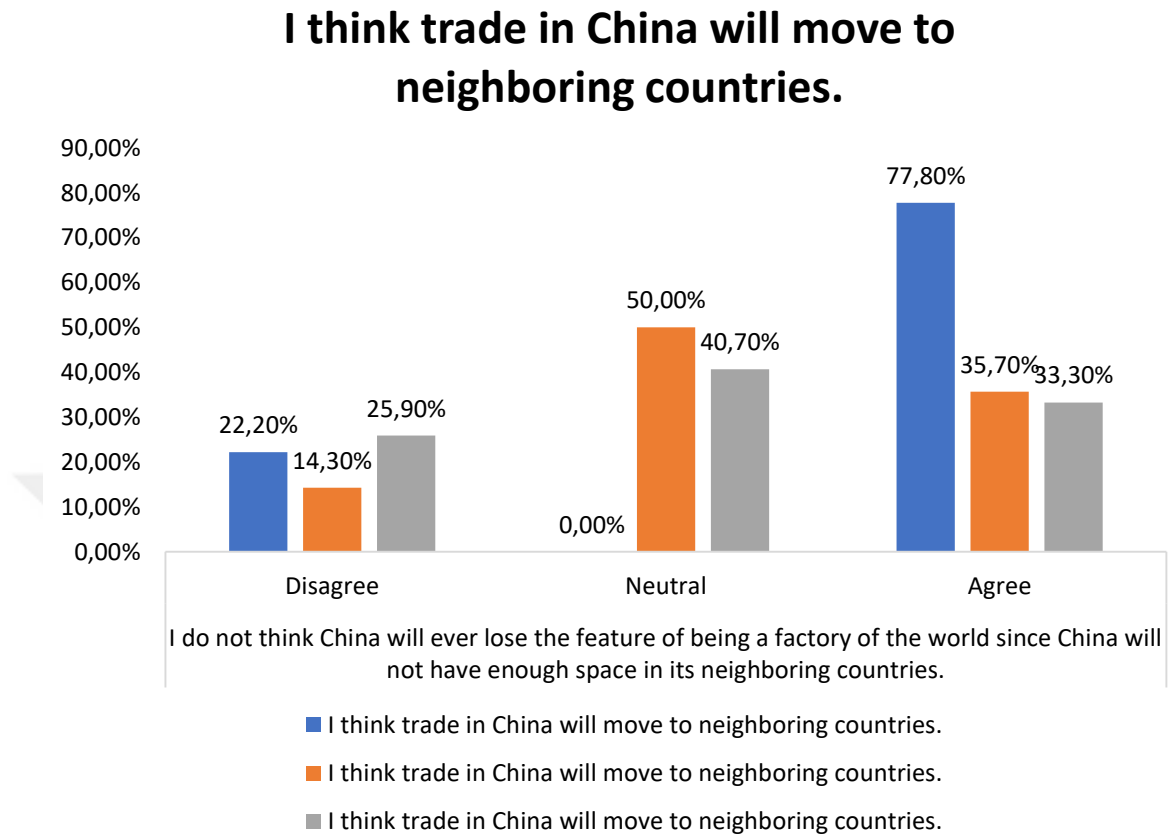
		We are working with China because we do not have trouble finding qualified employees in China						
			Disagree	Neutral	Agree	Total	Chi-Square	P
Failure to provide qualified employees	Disagree	n	10	3	2	15	6.158	0.188
		%	37.00%	20.00%	33.30%	31.30%		
	Neutral	n	7	9	1	17		
		%	25.90%	60.00%	16.70%	35.40%		
	Agree	n	10	3	3	16		
		%	37.10%	20.00%	50.00%	33.30%		
Total	n	27	15	6	48			
	%	100.00%	100.00%	100.00%	100.00%			

It is observed that the firms doing business with China do not act with the thought that ‘they will not have difficulty in accessing the qualified work force when starting their commercial activities in China.’ Approximately 57% of the respondents agreed to this, while only 12.5% disagreed to the statement. Approximately 34% of the companies doing business with China declared that they could not find qualified labor force, while about 31% said that, they had access to quality labor. According to these results, although the relationship between the expectation of accessing qualified labor force and actually accessing the labor is as low as 10% statistically, it shows that the companies have more access to qualified workforce than expected.

Ease of accession to qualified employees results in high potential in business. Moreover, it gives clue about general opinion for trade in China and its spread to neighboring countries.

The following paragraphs, figures and tables are used to interpret and explain the second hypothesis.

Figure 18: Graphical illustration of survey analysis results for second hypothesis.



Tests whether China will lose its comparative advantages in terms of production volume. Survey results show that the two statements are significantly different from each other, at $p > 0.05$. While 77.8% of the respondents don't believe that production in China will move to neighbor countries, 33.3% of the respondents believe that China will lose its comparative advantage. Furthermore, 35.7% of the respondents are neutral about this question. (Figure 18 and Table 14). These results indicate that, even though trading move to neighboring countries, China will keep its position as being a factory of the world. This results can be attributed to economic strategies of China. Export from China has a great value globally. It is important to note that China's export, is not only limited with neighboring countries.

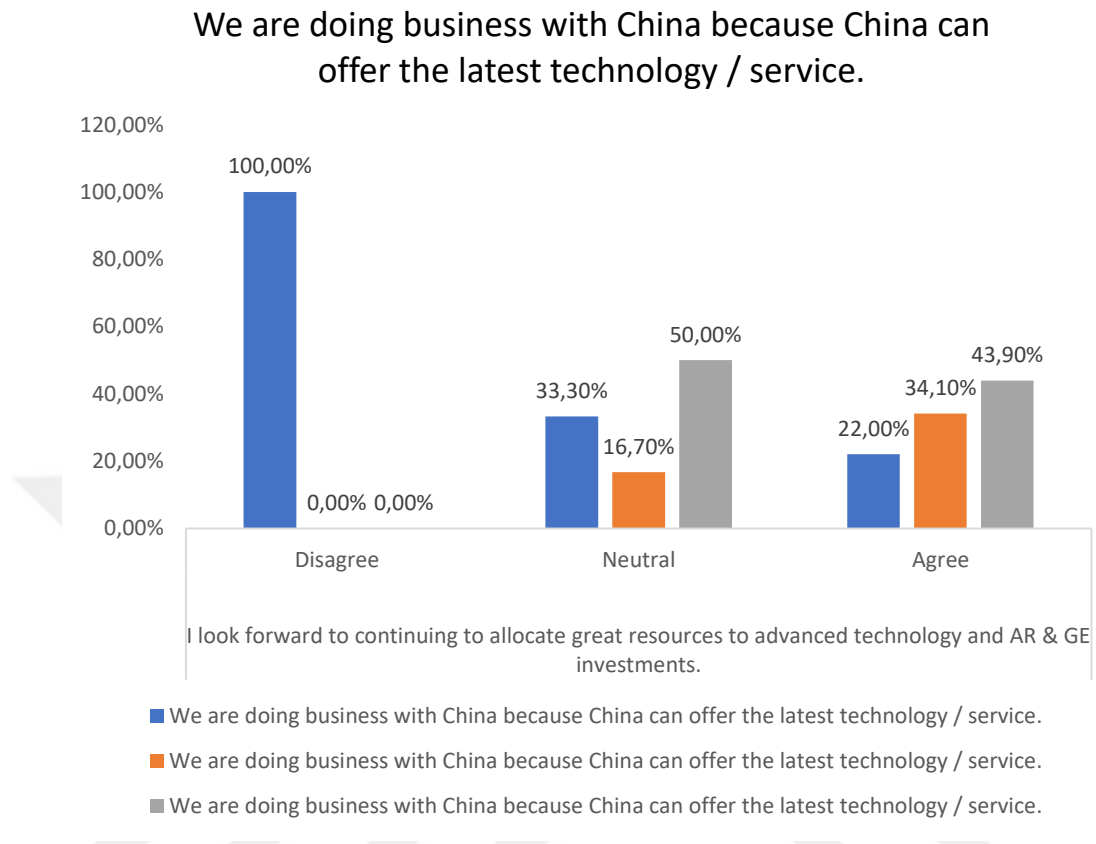
Table 14: Chi-Square analysis table of survey analysis results for second hypothesis.

		I think trade in China will move to neighboring countries.						
		Disagree	Neutral	Agree	Total	Chi-Square	p	
I do not think China will never lose the feature of being a factory of the world since China neighbor countries will not have enough volume.	Disagree	n	2	2	7	11	8.096	0.088
		%	22.20%	14.30%	25.90%	22.00%		
	Neutral	n	0	7	11	18		
		%	0.00%	50.00%	40.70%	36.00%		
	Agree	n	7	5	9	21		
		%	77.80%	35.70%	33.30%	42.00%		
Total	n	9	14	27	50			
	%	100.00%	100.00%	100.00%	100.00%			

There is a strong statistical significant relationship between the idea of participant companies that trade in China will shift to neighboring countries with the idea of China will never lose its ability to be the factory of the world because there will not be enough volume in China's neighboring countries ($p > 0.05$). 54% of the companies think that the trade in China will shift to the neighboring countries, while 42% of the firms have expressed their opinion that China will continue to be the world's factory. According to the interviews done with the company representatives, one of the most important idea is spreading their investments in China to the neighboring countries.

To investigate the reason behind the trade relation dynamics, opinions about R&D investments are tested.

Figure 19: Graphical illustration of survey analysis results for second hypothesis.



Following paragraphs, figures and tables are used to explain and interpret the third hypothesis.

A research statement question was asked to the companies, if they look forward to continue to allocate great resources to advanced technology and R&D investments. It statistically investigates if there is a direct relation between continuing to invest advanced technology together with R&D studies and trading with China to provide latest technological products. As can be seen from Figure 19 and Table 15, there is a statistically significant relationship between Turkish companies expecting China to continue to allocate great resources to advanced technology and R & D investments with its ability to do business here due to China's ability to offer the latest technology products / services ($p < 0.05$). The ratio of companies that prefer to work with China due to technology is about 44%. The rate of firms expecting China to continue to invest in R & D is around 86%. This shows that R & D investments in the decision-making process of the companies doing

business with China are not expressed as a significant reason, but are expressed as the expectation of the majority.

Table 15: Chi-Square analysis table of survey analysis results for third hypothesis.

		I look forward to continuing to allocate great resources to advanced technology and R&D investments.				Chi-Square	P
			Disagree	Neutral	Agree	Total	
We are doing business with China because China can offer the latest technology / service.	Disagree	n	1	2	9	12	3.891 0.421
		%	100.00%	33.30%	22.00%	25.00%	
	Neutral	n	0	1	14	15	
		%	0.00%	16.70%	34.10%	31.30%	
	Agree	n	0	3	18	21	
		%	0.00%	50.00%	43.90%	43.80%	
	Total	n	1	6	41	48	
		%	100.00%	100.00%	100.00%	100.10%	

The fourth hypothesis is interpreted and explained through the survey questions as following.

Not only creation of the latest technology but also the speed of the novel product development and market launch are some other important aspects to do business with China. In order to investigate this, the first answer shows the preferences of companies according to their ability to develop new products easily and quickly. As shown in Table 16, inventing new products and developing/launching speed of novel product/service to the market is statistically different between each other ($p>0.05$). About 73% of the companies agree that they can do business with China and develop new products much easier. 65% of the companies speed up the development of new product services and get them into the market. However, it is clear that firms definitely prefer to develop new products easily and quickly, although the results of this analysis don't support this.

Table 16: Comparison of the ability to easily develop new product/service market launch.

		The speed of new product / service development and market launch is accelerated.					Chi Square	p
		Disagree	Neutral	Agree	Strongly Agree	Total		
We do business because we can develop new products more easily.	Disagree	1	1	3	0	5	4.999	0.834
	Neutral	0	2	4	2	8		
	Agree	1	8	13	2	24		
	Strongly Agree	1	3	6	1	11		
Total		3	14	26	5	48		

Cost is another important issue for companies. From this perspective, answers of the respondent companies in terms of cost advantage and decreased cost relation are investigated in the survey. Table 17 shows that there is no significant difference between the cost advantages of the companies and the decrement of the costs after doing business with China ($p < 0.05$). It seems that all the firms which are choosing China for its cost advantage, agree that it will lower the costs. The survey results are statistically significant, Chi-square Test of Independence is applied. Result of this test is consistent with previous results that is shown in Figure 15. Although hypotheses of Chi-Square Test of Independence is expressed in two different ways, they both give the same conclusion. In this analysis, the hypotheses are as follows;

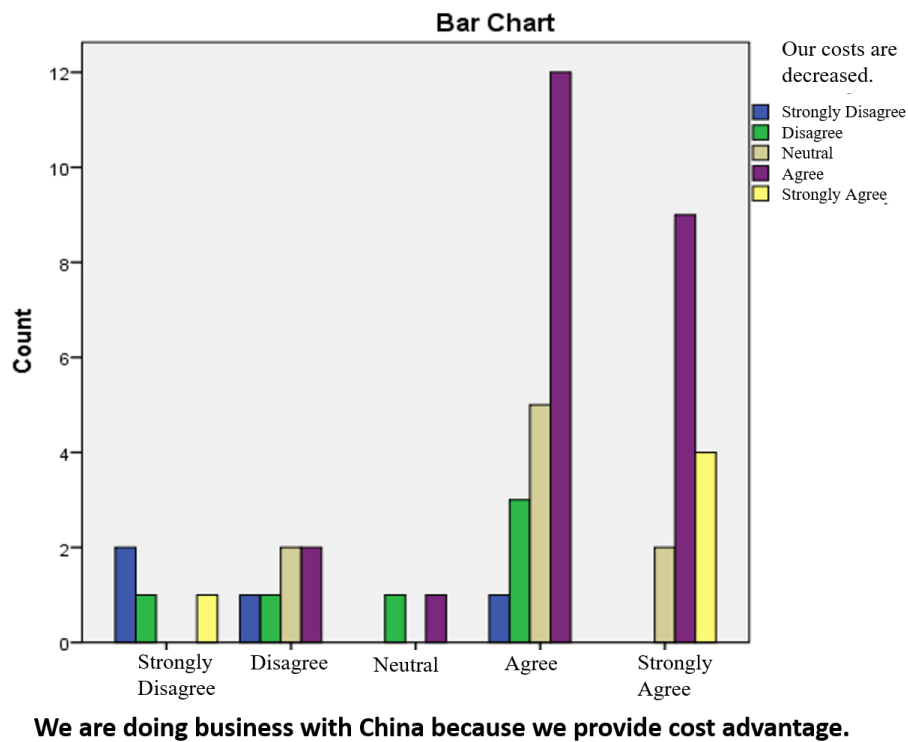
H0: Preference for doing business with China is not related to the decrement of costs.

H1: Preference of doing business with China is related to decrease of costs.

H0 is rejected because the calculated p value is less than 0.05, thus H1 is accepted. This means that respondents prefer China for doing business due to the lower cost advantage. Moreover, the percentage of those, express the cost advantage is 75%, while the percentage of those convey that their costs are lower is about 60%. According to these results, 84% of the companies which have been doing business with China have stated that the cost advantages are falling.

Table 17: Cost decrease and cost advantage relationship and Chi square analysis

		I think costs of workers will be increased.							
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Chi-square	p
We are doing business in China because we provide cost advantage.	Strongly Disagree	2	1	0	0	1	4	28.148	0.03
	Disagree	1	1	2	2	0	6		
	Neutral	0	1	0	1	0	2		
	Agree	1	3	5	12	0	21		
	Strongly Agree		0	2	9	4	15		
Total		4	6	9	24	5	48		

Figure 20: Results of Chi square Test of Independence.

There are questions which are related to cost advantage and labor cost increase in the survey. According to Table 18 shown, companies choose to do business with China because of its cost advantage, while on the other hand, they believe that the labor cost will increase soon ($p > 0.05$). 77% of the participant companies responded that the labor cost will increase. As shown in the results, it is

thought that, the share of labor costs is low. This is because other cost items have a more significant share of costs than workers' costs.

Table 18: Comparison between labor cost and cost advantage.

		I think costs of workers will be increased.						
		Disagree	Neutral	Agree	Strongly Agree	Total	Chi-square	p
We are doing business in China because we provide cost advantage.	Strongly Disagree	0	0	1	2	3	12.911	0,376
	Disagree	2	0	3	1	6		
	Neutral	0	0	1	1	2		
	Agree	2	2	14	3	21		
	Strongly Agree	1	4	6	4	15		
Total		5	6	25	11	47		

Table 19 reports that there is a significant difference between the firms on the idea of choosing China due to cost advantage. ($p > 0.05$). The reason for majority of the companies choosing China to do business with is, China's cost advantage, as also proved in table 23 previously. While, 52% of the companies believe that, the country may lose its cost advantage in the upcoming years.

Table 19: Chi-square analysis of cost advantage and preference of China for doing business.

		I think cost advantage will be lost.						
		Disagree	Neutral	Agree	Strongly Agree	Total	Chi-square	p
We are doing business in China because we provide cost advantage.	Strongly Disagree	1	1	1	0	3	4.887	0,962
	Disagree	1	2	2	1	6		
	Neutral	1	0	0	1	2		
	Agree	3	7	7	4	21		
	Strongly Agree	2	5	5	3	15		
Total		8	15	15	9	47		

Although there are many advantages for doing business in China, companies also face with some problems mentioned above (Table 7). In Table 20, the Mann

Whitney U Test was used to test whether the issues during carrying out business with China is related to the annual profits of the firms. Accordingly, the problems faced in the firms are not related to the the size of the company's balance sheet and the relation between the two is statistically significant. ($p > 0.05$) Only obstacles while visa-taking procedures are significant at 10% level. Companies with an annual profit of \$2.5 million do not face problems in obtaining visas, Chinese business ethics and customs legislation. On the other hand, firms with an annual profit of less than \$2.5 million, definitely face problems with payment conditions, logistics costs, qualified staffing and customs legislation.

Table 20: Mann Whitney Test Results which compare annual balance of the company and problems that companies faced while doing business in China.

	Annual balance of the company				Mann Whitney U test	
	<=2.5 US Million Dollars		>2.5 US Million Dollars		U	P
	Mean	Standard Deviation	Mean	Standard Deviation		
Obstacles with Visa obtaining	4,56	2,53	3,26	2,65	-1.817	,069
Business Ethics of Chinese	4,18	1,94	3,43	2,09	-1.151	,250
Terms of payment	3,75	1,73	4,41	1,65	-1.190	,234
Logistics Costs	3,74	1,82	3,86	1,62	-,306	,760
Qualified Staff problems	3,71	1,69	4,09	1,83	-,582	,561
Customs Legislation	4,35	2,00	3,59	1,62	-1.182	,237
Exchange Rate volatility	3,95	2,16	4,13	2,38	-,371	,711

Comparison of office location and consultancy behavior is shown in Figure 21. Turkish firms are consulting local authorities, foreign trade experts, Chinese and finally the Turks, regardless of where their offices are located. Another consequence is necessity of consultancy services to multiple-consultants. Tables 21, 22 ,23 and 24 show no statistically significant relationship between the country of the offices of the companies participating in the survey and the resolution of the problem in consultation of Chinese, Turkish, foreign trade experts or local authorities, respectively ($p > 0,05$). This result indicates that the country where the firm's office is located has no significant effect on the consultancy search.

Figure 21: Comparison of office location and consultancy preferences

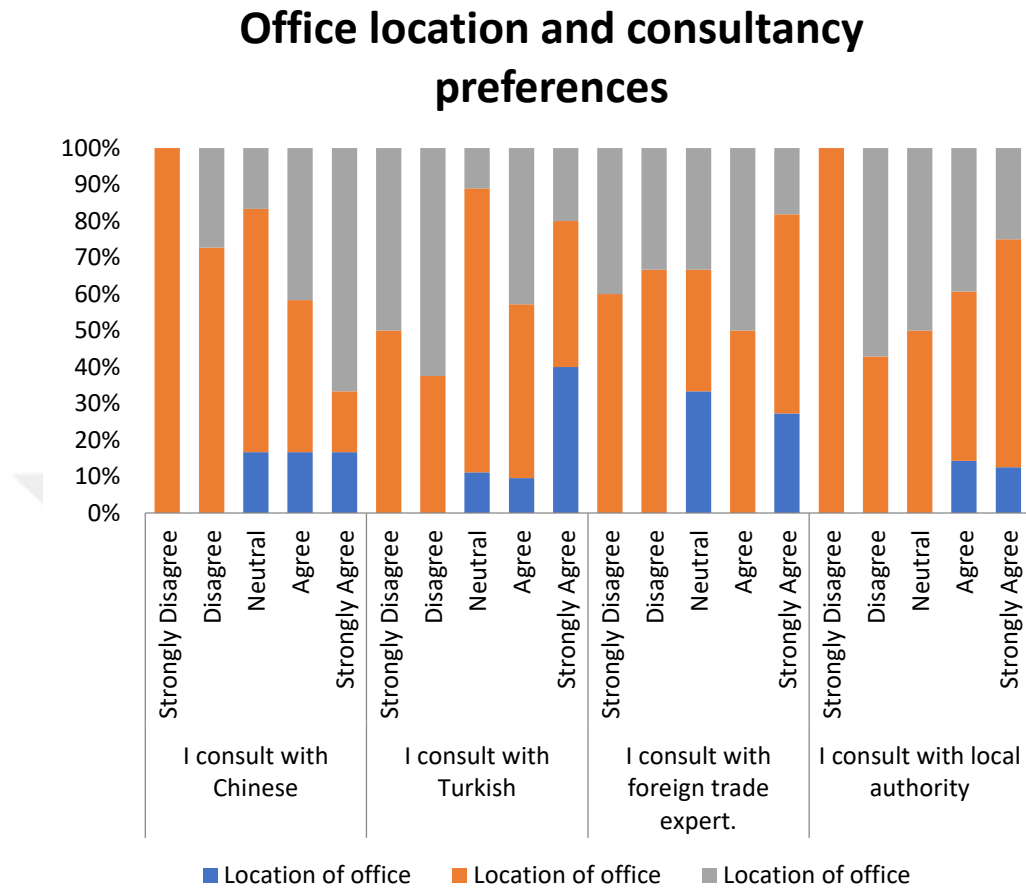


Table 21: Comparison of “Office location” and “I consult with Chinese.” variables

		Location of office				Chi-square	p
		China	Turkey	Both	Total		
I consult with Chinese	Strongly Disagree	0	1	0	1	8.485	,388
	Disagree	0	8	3	11		
	Neutral	1	4	1	6		
	Agree	4	10	10	24		
	Strongly Agree	1	1	4	6		
	Total	6	24	18	48		

Table 22: Comparison of “Office location” and “I consult with Turkish.” variables

		Location of office				Chi-square	p
		China	Turkey	Both	Total		
I consult with Turkish	Strongly Disagree	0	2	2	4	10.725	,218
	Disagree	0	3	5	8		
	Neutral	1	7	1	9		
	Agree	2	10	9	21		
	Strongly Agree	2	2	1	5		
	Total	5	24	18	47		

Table 23: Comparison of “Office location” and “I consult with foreign trade expert.” variables

		Location of office				Chi-square	P
		China	Turkey	Both	Total		
I consult with foreign trade expert.	Strongly Disagree	0	3	2	5	12.228	,141
	Disagree	0	2	1	3		
	Neutral	2	2	2	6		
	Agree	0	12	12	24		
	Strongly Agree	3	6	2	11		
	Total	5	25	19	49		

Table 24: Comparison of “Office location” and “I consult with local authority.” Variables

		Location of office				Chi-square	p
		China	Turkey	Both	Total		
I consult with local authority	Strongly Disagree	0	2	0	2	5.088	,748
	Disagree	0	3	4	7		
	Neutral	0	2	2	4		
	Agree	4	13	11	28		
	Strongly Agree	1	5	2	8		
	Total	5	25	19	49		

Last part of this survey focuses on the projections of respondent companies about Turkey's membership in EU or SCO. Firstly, total annual balance of respondent companies and their membership recommendations about Turkey is investigated. As seen in Table 25 below, while about 60% of the firms with an annual revenue sheet of having more than \$ 2.5 million, support EU membership only, the proportion of those who support the membership of the EU and SCO is about 50%. 25% of these companies support membership of the SCO only and 11% of them do not need any organization membership. It is seen that the firms whose annual balance sheet total is less than \$ 2.5 million is closer to support the membership of SCO. The following tables below (26, 27, 28 and 29) show that there is no statistically significant difference between annual profits of companies that take part in our research and Turkey's preferences on the international organizations. Meaning, companies' profits effect the organizations they choose to follow.

Table 25: Opinions about Turkey's membership to EU and/or SCO

Annual Financial Statement				
	<=2.5 US Million Dollars		>2.5 US Million Dollars	
	n	%	n	%
EU	9	40	17	60
Shanghai Cooperation Organization (SCO)	10	43	7	25
EU & SCO	11	48	14	50
NONE OF THEM	6	26	3	11

Table 26: Comparison of annual balance sheet of companies take part in survey and the opinion “Turkey should be directed to the Shanghai Cooperation Organization instead of the European Union”.

		Turkey should be directed to the Shanghai Cooperation Organization instead of the European Union.						Chi-square	P
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total		
Total annual balance sheet of the company	<=2.5 US Million Dollars	1	9	3	4	6	23	6.146	,189
	>2.5 US Million Dollars	4	7	10	2	5	28		
	Total	5	16	13	6	11	51		

Table 27: Comparison of annual balance sheet of companies take part in our research and the opinion “Turkey should continue to join the European Union.”

		Turkey should continue to join the European Union.						Chi-square	P
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total		
Total annual balance sheet of the company	<=2.5 US Million Dollars	5	3	6	5	4	23	2.844	,584
	>2.5 US Million Dollars	4	2	5	7	10	28		
	Total	9	5	11	12	14	51		

Table 28: Comparison of annual balance sheet of companies take part in our research and the opinion “Turkey should be part of both Shanghai Cooperation Organization and the European Union”

		Turkey should be part of both Shanghai Cooperation Organization and the European Union						Chi-square	p
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total		
Total annual balance sheet of the company	<=2.5 US Million Dollars	2	1	9	8	3	23	6.290	,178
	>2.5 US Million Dollars	4	6	4	9	5	28		
	Total	6	7	13	17	8	51		

Table 29: Comparison of annual balance sheet of companies take part in our research and the opinion “Turkey should be in neither Shanghai Cooperation Organization nor the European Union”

		Turkey should be in neither Shanghai Cooperation Organization nor the European Union						Chi-square	p
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total		
Total annual balance sheet of the company	<=2.5 US Million Dollars	10	3	4	3	3	23	3.269	,514
	>2.5 US Million Dollars	16	6	3	1	2	28		
	Total	26	9	7	4	5	51		

Second most important finding from this study is the relationship between trade flows and the opinion about Turkey’s membership towards the organizations of EU, SCO. As seen in Table 30, 54% of respondent firms with trade direction of both import and export support EU membership only. The main reason behind this is probably linked to taking advantage from trade liberty present in EU. Moreover,

custom legalization opportunities in EU is another attractive reason for such a reply in the survey. The proportion of those who support the membership of both the EU and SCO is about 62%. Probable reason behind this reply is that respondent companies that carry out both import and export wish to use both organizations' offerings. 31% of these companies support only membership of the SCO. The reason behind this result is the opportunities offered by SCO are better and more beneficial to those companies. 31% of respondent companies do not need any organization membership. This implies the fact that these respondents do not need opportunities that SCO or EU offers. It is seen that those firms carrying out both importing and exporting support Turkey's membership both in EU and SCO.

61% of import companies support Turkey's membership of EU only. 28% of them support only SCO membership, 33% of them support both EU and SCO membership and 5% of them are support none of the memberships. These results prove that Turkey's membership of organizations are directly related to the opportunities that organization offers.

Table 30: Summary of trade direction of respondent companies and their opinion Turkey's membership of EU, SCO, Both or none.

	Direction of trade					
	Import-Export		Export		Import	
	#	%	#	%	#	%
European Union (EU)	14	54	1	14	11	61
Shanghai Cooperation Organization (SCO)	8	31	4	57	5	28
EU & SCO	16	62	3	43	6	33
NONE OF THEM	8	31	0	0	1	5

Table 31, 32 and 33 show detailed analysis. There is no statistically significant difference between trade direction of companies that take part in our research and the opinion on

“Turkey should continue joining to the European Union.” (Table 31), “Turkey should be directed to the Shanghai Cooperation Organization instead of the European Union.” (Table 32), and, “Turkey should be part of both Shanghai Cooperation Organization and the European Union” (Table 33), and the opinion on “Turkey should be neither in Shanghai Cooperation Organization nor in the European Union” (Table 33).”

Table 31: Trade direction of companies take part in research and the opinion “Turkey should be directed to the SCO.

		Turkey should continue to be candidate for EU Turkey should be directed to the SCO instead of the EU.					Total	Chi-square	p
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Direction of trade	Import-Export	2	10	6	3	5	26	9.587	,295
	Export	0	1	2	0	4	7		
	Import	3	5	5	3	2	18		
Total		5	16	13	6	11	51		

Table 32: Trade direction of companies take part in research and the opinion “Turkey should be part of both the SCO and EU”.

		Turkey should be part of both the SCO and EU.					Total	Chi-square	p
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Direction of trade	Import-Export	2	4	4	10	6	26	9.846	,276
	Export	2	1	1	3	0	7		
	Import	2	2	8	4	2	18		
Total		6	7	13	17	8	51		

Table 33: Trade direction of companies take part in research and the opinion “Turkey should be part of neither the SCO nor EU”.

		Turkey should be part of neither the SCO nor the EU.					Total	Chi-square	p
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Direction of trade	Import-Export	11	3	4	3	5	26	11.065	0.198
	Export	5	1	1	0	0	7		
	Import	10	5	2	1	0	18		
Total		26	9	7	4	5	51		

Overall, trade characteristics of respondent companies are investigated deeply by statistical analysis. There are five different hypotheses, which explore the reasons of respondent companies for choosing China to do business with and the opinions about Turkey’s membership joining to the global trade organizations such as European Union and/or Shanghai Cooperation Organization (SCO) according to their experiences.

CONCLUSION

This thesis investigates the trade relationship between Turkey and China. For this purpose, in the first chapter historical background about economic developmental stages of People's Republic of China is deeply examined. Second chapter consists of a literature review based on the trade characteristics and trade relations between Chinese and Turkish Economies. While, Chapter three consists of the survey questions and methodologies used to analyze the survey questions. Interpretation of survey results and statistical analysis are given in Chapter 4.

The demographic analysis is carried out to understand the trade relationship. Chapter four contains the explanations and interpretations of the analysis. Briefly, according to the results obtained through our research, respondent companies prefer doing business with China because there is no difficulty in finding qualified staff. Moreover, most of the respondent companies believe that production in China will move to the neighboring countries soon and China will lose its comparative advantage. This shows that the open-trade policy of China gives confidence to foreign traders. Another important factor to choose China for business is R&D opportunities. Majority of the respondents believe that China is good at providing the latest technology/service and there is an expectation that China will continue to allocate great resources to high technology and R & D investments. It is also compatible with the attitude of modern China.

In addition to having many advantages to do business with China, respondent companies definitely face some problems and these troubles could be classified according to their annual profits. When compared with the companies that have a profit of less than \$2.5 million, companies with an annual profit of \$ 2.5 million do not have troubles on visas, Chinese business ethics and customs legislation problems.

Lastly, recommendation of international organization membership of Turkey is evaluated based on annual balance sheet and trade direction. According to the survey results, companies with an annual profit of more than \$ 2.5 million are more positive to become a member of EU. Whereas companies with an annual profit of less than \$ 2,5 million are more positive to become a member of SCO.

Moreover, companies with trade direction of both import-export, support both EU and SCO membership. While companies that export only, support SCO membership and companies that import only support EU membership. These results conclude that respondent companies' recommendations on international organizational membership are based on their profit.

As a conclusion, it is claimed that trade relations between Turkey and China mainly affected by demographic characters of companies. However, there are some problems that companies face due to these demographic and cultural characteristics of China. Yet, for solving these problems companies choose different methods explained in details. Based on their experiences, respondent companies recommend international organizational membership depending on their needs and favors. For future perspective, these results could be beneficial for trade relation investigations.

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APPENDIX

Appendix 1: Survey

ANKET SORULARI

1. Cinsiyetiniz () Erkek () Kadın
2. Yaşınız () 18-30 () 31-40 () 41-50 () 51 ve daha fazla
3. Medeni haliniz () Bekar () Evli
4. Eğitim durumunuz () İlköğretim () Ortaöğretim () Lise () Üniversite () Yüksek Lisans-Doktora
5. Yabancı dil seviyeniz (İngilizce) : (Seviyenize aşağıdaki açıklamalara bakarak seçiniz.(A1,A2,B1,B2,C1,C2)
() Okuma () Yazma () Dinleme () Konuşma
6. Yabancı dil seviyeniz (Çince) : (Seviyenize aşağıdaki açıklamalara bakarak seçiniz.(A1,A2,B1,B2,C1,C2)
() Okuma () Yazma () Dinleme () Konuşma
7. Çalışma süreniz (Toplamda) () 5 yıldan az () 6-10 yıl arası () 11-20 yıl arası () 21 yıl ve üstü
8. Çalışma süreniz (Çin'de) () 5 yıldan az () 6-10 yıl arası () 11-20 yıl arası () 21 yıl ve üstü
9. İşletmedeki pozisyonunuz () Sahibi () Yönetici () Diğer..... (Belirtiniz)
10. Çin'de ofisiniz () Var () Yok
11. Ofisinizin olduğu diğer ülkeleri belirtiniz (varsa).....
12. Çinli ortağınız var mı? () Var () Yok
13. İş yaptığınız başka ülkelerde ortaklığınız var mı? () Var () Yok
14. Çin'deki firmanızda çalışan sayısı () 1-10 () 11-50 () 51-100 () 101-150 () 151-200 () 200 ve üstü
15. Türkiye'deki firmanızda çalışan sayısı () 1-10 () 11-50 () 51-100 () 101-150 () 151-200 () 200 ve üstü
16. Firmanızın yıllık cirosu
() 100-200Bin Dolar () 201-400Bin Dolar () 401-600Bin Dolar () 601-800Bin Dolar
() 801-1Milyon Dolar () 1-1,2Milyon Dolar () 1,2-1,5Milyon Dolar () 1,5Milyon Dolar ve üstü

17. Ticaret yönünüz ()İthalat ()İhracat ()Hem İthalat Hem İhracat
18. Faaliyette bulunduğunuz sektör/sektörleri belirtiniz:
19. Diğer ülkelerle ticaret yapıyor musunuz? ()Yapıyorum ()Yapmıyorum
20. Eğer yapıyorsanız hangi ülkeler olduğunu belirtiniz:.....
21. Çin'den ithalat yaptığınız bölge/şehirleri belirtiniz:.....
22. Çin'e ihracat yaptığınız bölge/şehirleri belirtiniz:.....
23. Web siteniz var mı? ()Var ()Yok
24. Web siteniz hangi dillerde(Birden fazla işaretleyebilirsiniz.) ()Türkçe ()İngilizce ()Çince
25. WeChat ve diğer sosyal medya kanallarını kullanıyor musunuz? ()Evet ()Hayır
26. Çin'le iş yapma sebepleriniz, avantajlarınıza ait soruları aşağıdaki tabloda işaretleyiniz:

Çin'le İş Yapma Nedenleriniz/Avantajlarınız	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Maliyet avantajı sağladığımız için iş yapıyoruz.					
Çin büyük bir pazar olduğundan Çin'e ve Çin'in komşu ülkelere ürün hizmet satabildiğimiz için iş yapıyoruz.					
Yeni ürünleri daha kolay keşfedebildiğimiz için iş yapıyoruz.					
Ödeme tipi ve koşulları kolaylığı sağladığımız için iş yapıyoruz.					
Kredili ödeme yapabilme avantajımız olduğu için iş yapıyoruz.					
Kar marjları çok yüksek çalışabildiğimiz için iş yapıyoruz.					
Çin'in son teknoloji ürün/ hizmet sunabilmesinden dolayı Çin'le iş yapıyoruz.					
Çalıştığımız sektörün öncü firmaları Çin'le çalışıyor. Bizde onları takip ettiğimiz Çin'le iş yapıyoruz.					
Toplam kalite kurallarına uygun çalıştıkları için Çin'le iş yapıyoruz.					
Çin'de nitelikli eleman bulmak da sıkıntı yaşamadığımız için Çin'le çalışıyoruz.					
Pazarda rekabet avantajı sağladığı için yapıyoruz.					

27. Varsa diğer iş yapma sebepleriniz nelerdir?

.....

.....

28. Çin’le iş yaparken yaşadığınız zorluklar, engeller, dezavantajlara ait soruları aşağıdaki tabloda işaretleyiniz:

Çin’le İş Yaparken Zorluklar, Engeller, Dezavantajlarınız	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Sermaye temin edememe					
Pazarın durgun olması					
Rekabetin yoğun olması					
Alacak tahsil sorunları					
Borçları zamanında ödeyememe					
Kredi temin edememe					
Bürokratik engeller					
Devlet teşviklerinden yeterince yararlanamama					
Nitelikli eleman temin edememe					
Ücret düzeylerinin yüksek olması					
Müşterilerle ilgili sorunlar					
Nakliye lojistik sorunları					
Vergilerin yüksek olması					
Yabancı pazara yayılma sorunları					
Vize uygulamalarına getirilen regülasyonlar					
Kültürel farklılıklar					
Gümrük mevzuatı uygulamaları					

29. Çin’de karşılaştığınız engelleri en zordan en kolaya numaralandırınız: (1-7 ye kadar)

Çin’de Karşılaşılan Engeller	En Zordan En Kolaya Numaralandırınız.
Vize Alma Engelleri	
Çinlilerin İş Ahlakı	
Ödeme Koşulları	
Lojistik Maliyetleri	
Nitelikli Eleman Sıkıntısı	
Gümrük Mevzuatları	
Döviz Kuru Oynaklığı	

30. Varsa Çin'de karşılaştığınız diğer engelleri belirtiniz.

31. Karşılaşılan engellerle nasıl başa çıktığınıza ait soruları aşağıdaki tabloda işaretleyiniz:

Çin'le iş yaparken Karşılaştığınız zorluklarla baş çıkma yöntemleriniz	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Çinlilere danışırım.					
Türlere danışırım.					
Dış ticaret uzmanıma danışırım.					
İlgili yerel makamlara danışırım.					

32. Gelecekte Çin'deki iş ilişkilerinizdeki yol haritanız nedir, işaretleyiniz:

Gelecekte Çin'deki iş ilişkilerinizdeki yol haritanız:	Seçiniz
Küçülmek	
Çin'de faaliyetleri azaltmak	
Başka ülkelere yönelmek	
Mevcut durumu korumak	
Büyümek	

33. Çin'de iş yaparken elde ettiğiniz kazanımlarınıza ait soruları aşağıdaki tabloda işaretleyiniz:

Çin'le İş Yaparken Elde Ettiğimiz Kazanımlar	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Satış miktarımız arttı.					
Geliştirilen ürün/hizmetten elde edilen gelir arttı.					
Müşteri sayımız arttı.					
Yeni ürün/hizmet geliştirme ve pazara verme süresi hızlandı.					
Yeni ürünün başa baş noktasına ulaşma süresi hızlandı.					
Maliyetlerimiz düştü.					
Ürünlerin müşteriye zamanında teslimat süresi hızlandı.					
Türkiye pazarında pazar payımız büyüdü.					
Ulusal pazarda pazar payımız büyüdü.					
Verimlilik arttı.					
Firmanın finansal gücü arttı.					
Borçlarını ödeme süresi kısaldı.					
Sermayenin geri getirisi hızlandı.					
Ürün/ hizmet kalitemiz arttı.					
Müşteri memnuniyetimiz arttı.					
Müşterilerle ilgili bilgi edinimi arttı.					
Yeni ürünler/hizmetler ile ilgili bilgi edinimi arttı.					
Çalışan tatmini arttı.					
Çalışanın işletmeye bağlılığı arttı.					
Kaliteyi geliştirmek için uygulanan önerilerin sayısı arttı.					
Marka bilinirliğimiz arttı.					

34. Çin'deki iş hayatı için beklentilerinize ve tahminlerinize ait soruları aşağıdaki tabloda işaretleyiniz:

Çin'deki iş hayatı için beklenti ve tahminleriniz	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
İşçi maliyetlerinin artacağını düşünüyorum.					
Çin'in markalaşmaya daha da önem vereceğini düşünüyorum.					
Maliyet avantajı gücünü kaybedeceğini düşünüyorum.					
Çin'deki ticaretin komşu ülkelere kayacağını düşünüyorum.					
Çin'in komşu ülkelerinde yeterli hacim yakalanmayacağından Çin'in hiçbir zaman Dünya'nın fabrikası olma özelliğini kaybetmeyeceğini düşünüyorum.					
Çeşitlilik(ürün/hizmet) ve ulaşılabilirliğinden dolayı uzun seneler yavaş da olsa bir büyüme göstereceğini düşünüyorum.					
Toplam kalite kurallarına dikkat ederek üretim ve hizmet kalitesini artıracığını düşünüyorum.					
Kendi markalarının distribütörlüğünü satmak için ticari atımlar yapmasını bekliyorum.					
Yaşanan vize problemlerinden dolayı ticari hayatın yavaşlayacağını düşünüyorum.					
Zorlaşan gümrük ve lojistik regülasyonları yüzünden ticaretin yavaşlayacağını düşünüyorum.					
İleri teknoloji ve AR&GE yatırımlarına büyük kaynaklar ayırmaya devam edecek.					
İş yapma ortamını iyileştirme konusunda daha büyük adımlar atacaktır.					

Alım yapılırken yabancı şirketlere karşı ayrımcı politika izlemeye devam edecektir.					
Ekonomisini ihracata dayalı modelden ithalata ve iç tüketime dayalı modele dönüştürme yolunda önemli adımlar atacaktır.					

35. Eklemek istediğiniz beklenti ve tahminleriniz varsa belirtiniz.

.....

36. Çin’le yeni ticari ilişkilere başlayan kişilere önerileriniz nelerdir?

Çin’le yeni ticari ilişkiye başlayan kişilere önerileriniz	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Çince ya da İngilizceden birini iyi bilmeli.					
Vizeyle ilgili regülasyonlara ve zamana dikkat ederek gelmeli.					
Pazar araştırması için özel şirketlere başvurulmalı.					
Rakiplerini iyi gözlemlemeli.					
Çinli danışmanlardan profesyonel destek almalı.					
Çin’de yaşayan Türklerin tecrübelerinden yararlanmalı.					
Kesinlikle Çinli ortak eşliğinde iş yapmaya başlamalı.					
İşi için gereken tüm sertifika ve yeterlilik belgelerini bilmeli.					
Sermaye gücünü iyi ayarlamalı.					
Gümrük mevzuatlarını çok iyi bilmeli. (özellikle Çin’e ürün getirirken daha da dikkatli olmalı)					
Ödeme kolaylığı sağlamak istiyorsa ödeme günlerini söz verdiği gibi yapmaya dikkat etmeli.					
Çin’i anlamak için daha çok Çinli network edinmeli.					
Aşırı pazarlık yapılmamalı.					
Fuara katılım sağlanmalı.					
Her zaman denetim yapılmalı.					
Ticari Ataşelik ve Büyükelçiliklerden destek almalı.					
Yerel kültürü benimsemeli.					
Çin müşterisinin çok seçici ve dikkatli olduğunu bilmeli.					
Çin ile iş yapılan eyalet ve bölgelerdeki yerel hükümet yetkilileri ile yakın ilişkiler kurulmalı.					

关系 (Guanxi, anlamı: ilişki kurmak) –“Benim kültürümü ve benim iş yapma geleneklerimi benimse” İş dünyasında önemli bir yeri olduğu unutulmamalı.					
Çinli bir şirket ile ortak teşebbüs kurarken şirketin ve üst düzey yetkilisinin sorumluluk ve yetkisinin iyi bilinmesi ve kontratta net şekilde belirtilmeli.					
Çin’de fikri mülkiyet hakları ihlali ve patent hırsızlıkları konusunda hassas olduğu unutulmamalı.					
Çin’de bir marka almak istiyorsak mutlaka Çince isimle de patenti alınmalı.					

37. Ekleme istediğiniz önerileriniz varsa belirtiniz.

.....

38. Türkiye'nin Avrupa Birliği süreci, Gümrük Birliği üyeliği ve Şanghay İşbirliği Örgütü (ŞİÖ) katılımı gibi ticareti direk etkileyecek süreçlere ait yorumlarınızı aşağıdaki tabloda işaretleyiniz.

AB, Gümrük Birliği, Shanghai S'isi	KESİNLİKLE KATILMIYORUM	KATILMIYORUM	KARARSIZIM	KATILIYORUM	KESİNLİKLE KATILIYORUM
Türkiye Avrupa Birliği adaylığına devam etmeli.					
Türkiye Shanghai İşbirliği Örgütü'ne girmeli.					
Türkiye Avrupa Birliği yerine Shanghai İşbirliği Örgütü'ne girmeli.					
Türkiye'nin Gümrük Birliği'ne girmesi Çin'le ticaretimizi olumlu etkiledi.					

Yabancı Dil Ölçüm:

Dinleme:

A1	Temel Kullanıcı - Benimle, ailemle ve yakın çevremle ilgilendiren konularla ilişkili kalıpları ve çok sık kullanılan sözcükleri anlayabilirim. (Örneğin; En temel kişisel ve ailevi bilgileri alıveriş, yerel çevre, meslek). Kısa, net, basit ileti ve duyurulardaki temel düşünceyi kavrayabilirim.
A2	Temel Kullanıcı - Beni doğrudan ilgilendiren konularla ilişkili kalıpları ve çok sık kullanılan sözcükleri anlayabilirim. (Örneğin; En temel kişisel ve ailevi bilgileri alıveriş, yerel çevre, meslek). Kısa, net, basit ileti ve duyurulardaki temel düşünceyi kavrayabilirim.
B1	Bağımsız Kullanıcı - İş, okul, boş zaman vb. ortamlard. sürekli karşılaşılan bildik konulardaki net, standart konuşmanın ana hatlarını anlayabilirim. Güncel olaylar da kişisel ilgi alanına giren konularla ilgili radyo ve televizyon programlarının çoğunun ana hatlarını yavaş net olduğunda anlayabilirim.
B2	Bağımsız Kullanıcı - Güncel bir konu olması koşuluyla uzun konuşma ve sunumları anlayabilir, karmaşık tartışmalarla yapılan tartışmaları takip edebilirim. Televizyon haberlerini ve güncel olaylara ilişkin programların çoğunu anlayabilirim. Standart dilin kullandığı filmlerin çoğunu anlayabilirim.
C1	Yeterli Kullanıcı - Açıkça yapılandırılmamış ve ilişkile açıkça belirlenmemiş sadece ima edilmiş olsa bile uzun konuşmaları anlayabilirim. Televizyon programlarını ve filmleri fazla zorluk çekmeden anlayabilirim.
C2	Yeterli Kullanıcı - İster canlı ister yayın ortamında olsun hiçbir konuşma türünü anlamakta zorluk çekmem. Şa normal anadili konuşma hızında ise, aksana alışabilim için biraz zamana ihtiyacı olabilir.

Okuma:

A1	Temel Kullanıcı - Katalog, duyuru ya da afiş gibi yazılı metinlerdeki bildik adları, sözcükleri ve çok basit tümceyi anlayabilirim.
A2	Temel Kullanıcı - Kısa ve basit metinleri okuyabilirim. İlanlar, kullanım kılavuzları, münöler ve zaman çizelge gibi basit günlük metinlerdeki genel bilgileri kavrayabilirim ve kısa kişisel mektupları anlayabilirim.
B1	Bağımsız Kullanıcı - Meslekle ilgili ya da günlük dilde sık kullanılan sözcükleri içeren metinleri anlayabilirim. Kişisel mektuplarda belirtilen olay, duygu ve dilekleri anlayabilirim.
B2	Bağımsız Kullanıcı - Yazarların belirli tutum ya da görüşlerini yansıtan, güncel sorunlarla ilgili makaleleri ve raporları okuyabilirim. Çağdaş edebî dünyayı anlayabilirim.
C1	Yeterli Kullanıcı - Üslup farklılıklarını da ayırt ederek uzun ve karmaşık, somut ya da edebî metinleri okuyabilirim. İlgili alanımla alakalı olmasalar bile herhangi bir uzman alanına giren makale ve uzun teknik bilgileri anlayabilirim.
C2	Yeterli Kullanıcı - Kullanım kılavuzları, uzmanlık alanı yönelik makaleler ve yazınsal yapıtlar gibi soyut, yapısal dilbilgisel açıdan karmaşık hemen hemen tüm metin türlerini kolaylıkla okuyabilir ve anlayabilirim.

Konuşma:

A1	Temel Kullanıcı - Karşımdaki kişinin söylediklerini daha yavaş bir konuşma hızında yinlemesi ve söylemek istediklerimi oluşturmada bana yardımcı olması koşuluyla, basit yoldan iletişim kurabilirim. O anki gereksinime ya da çok bildik konularla ilişkin alanlarda basit sorular sorabilir ve cevap verebilirim.
A2	Temel Kullanıcı - Bildik konular ve faaliyetler hakkında doğrudan bilgi alışverişini gerektiren basit ve alışılmış işlerde iletişim kurabilirim. Genellikle konuşmayı sürdürebilecek kadar anlamasam da kısa sohbetlere katılabilirim.
B1	Bağımsız Kullanıcı - Dilin konuşulduğu ülkede seyahat ederken ortaya çıkabilecek bir çok durumla başa çıkabilirim. Bildik ilgi alanıma giren ya da günlük yaşamla ilgili (Örneğin; aile, hobi, iş, yolculuk ve güncel olaylar gibi) konularda hazırlık yapmadan konuşmalara katılabilirim.
B2	Bağımsız Kullanıcı - Öğrendiğim dili anadili olarak konuşan kişilerle anlaşmayı mümkün kılacak bir akıcılık ve doğallıkla iletişim kurabilirim. Bildik konulardaki tartışmalarda, kendi görüşlerimi açıklayıp destekleyerek etkin bir rol oynayabilirim.
C1	Yeterli Kullanıcı - Kullanacağım sözcükleri çok fazla aramaksızın, kendimi akıcı ve doğal bir biçimde ifade edebilirim. Dil, toplumsal ve mesleki amaçlar için esnek ve etkili bir şekilde kullanabilirim. Düşünce ve fikirlerimi açık bir ifadeyle dile getirebilir ve karşımdakilerin konuşmalarıyla ilişkilendirebilirim.
C2	Yeterli Kullanıcı - Hiç zorlanmadan her türlü konuşma ya da tartışmaya katılabilir; deyimler ve konuşma diline ait ifadeleri anlayabilirim. Kendimi akıcı bir şekilde ifade edebilir, anlamdaki ince ayrıntıları kesin ve doğru bir biçimde vurgulayabilirim. Bir soruna karşılaşırsam, geriye dönüp, karşımdaki insanların fark etmelerine fırsat vermeyecek bir ustalıkla ifadelerimi yeniden yapılandırabilirim.

Yazma:

A1	Temel Kullanıcı - Kısa ve basit tümcelerle kartpostal yazabilirim. Örneğin; Tatil kartpostalıyla selam göndermek gibi. Kişisel bilgi içeren formları doldurabilirim. Örneğin; Otel kayıt formuna isim, uyruk ve adres yazmak gibi.
A2	Temel Kullanıcı - Kısa, basit notlar ve iletiler yazabilirim. Teşekkür mektubu gibi çok kısa kişisel mektupları yazabilirim.
B1	Bağımsız Kullanıcı - Bildik ya da ilgi alanıma giren konularla bağlantılı bir metin yazabilirim. Deneyim ve izlenimlerimi betimleyen kişisel mektuplar yazabilirim.
B2	Bağımsız Kullanıcı - İlgili alanıma giren çok çeşitli konularda anlaşılır, ayrıntılı metinler yazabilirim. Belirli bir bakış açısına destek vererek ya da karşı çıkarak bilgi sunan ve nedenler ileri süren bir kompozisyon ya da rapor yazabilirim. Olayların ve deneyimlerin benim için taşıdıkları önemi ön plana çıkaran mektuplar yazabilirim.
C1	Yeterli Kullanıcı - Görüşlerimi ayrıntılı bir biçimde, açık ve iyi yapılandırılmış metinlerle ifade edebilirim. Bir mektup, kompozisyon ya da rapor yazabilirim. Önemli olduğunu düşündüğüm konuları ön plana çıkararak karmaşık konularda yazabilirim. Hedef belirlediğim okuyucu kitlesine uygun bir üslup seçebilirim.
C2	Yeterli Kullanıcı - Uygun bir üslup açık, akıcı metinler yazabilirim. Okuyucunun önemli noktaları ayırt edip anımsamasına yardımcı olacak etkili, mantıksal bir yapılandırma ile bir durum ortaya koyan karmaşık mektuplar, raporlar ya da makaleler yazabilirim. Meslek ya da edebî yapıt özetleri ve eleştirileri yazabilirim.