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Turkey's Maghreb–West Africa Economic Architecture: Challenges and Opportunities for the European Union

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Contents

Executive Summary

Turkey's deepening economic outreach to the Maghreb and West Africa carries the potential for Turkey to set the terms of a new interregional pattern of commercial connectivity between Europe and Africa. Anchored in Algeria's commercial transportation connectivity southward from its Mediterranean coast and Senegal's commercial transportation connectivity westward from its Atlantic shore, Turkey could create a commercial architecture of integrated economic activity encompassing 18 nations of the Central Maghreb and West Africa. With the stabilisation of Libya and the completion of southward commercial transportation connectivity from Tripoli, Turkey's presence in Libya could contribute to the further consolidation of a Maghreb–West Africa commercial architecture (Figure 1).

Turkey's ability to establish a new interregional commercial architecture fundamentally depends on how it manages its economic relationships with its African partners to develop manufacturing plants in the central Maghreb and West African regions that create Turkish-led manufacturing value chains in which other international actors can integrate. While Turkey's recent investments in manufacturing facilities in the Maghreb and West Africa create a foundation for the further expansion of Turkish businesses in the region, Turkey may fall short in creating the necessary value chains. Turkish manufacturing in the Maghreb and West Africa, while playing to Turkey's current sectoral strengths, seems primarily aimed at vertical integration that could, at worst, alienate African and international actors by monopolising all the stages of the value chain from raw material input to end-market distribution. In the face of a delivery deficit in establishing multinational manufacturing value chains, Turkey may increasingly turn to the use of defence cooperation with African nations as leverage to deepen its economic relations. At the same time, the need to develop multinational manufacturing value chains in Africa creates the possibility of Turkish-European joint venture manufacturing in Africa that could serve as a framework for resetting Turkey-EU relations.

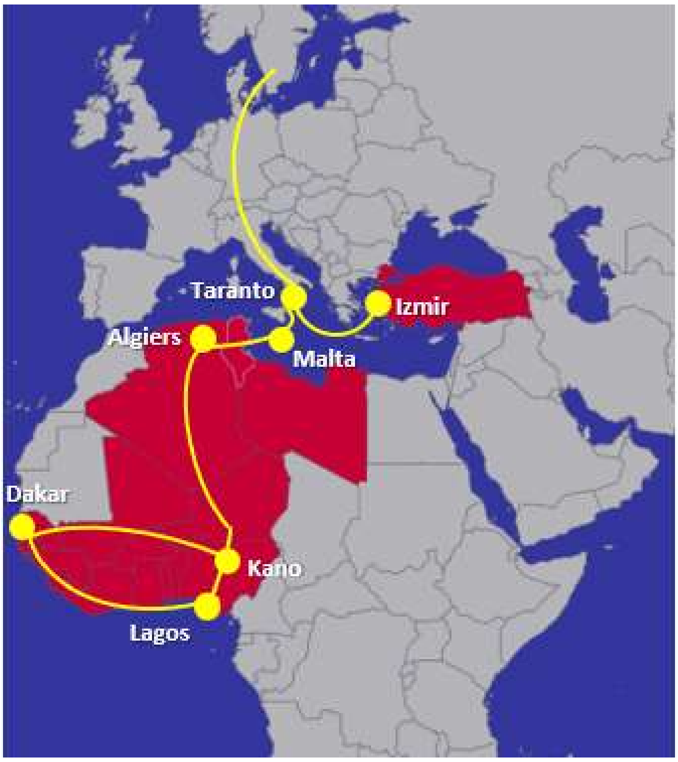

Figure 1 Turkey's Central Maghreb-West Africa Commercial Connectivity Architecture

Turkey and the New Global Competition for Africa

Since the 2003 “Strategy for Enhancing the Economic and Commercial Relations with Africa”, implemented by then Prime Minister and now President Recep Tayyip Erdoğan, Turkey's economic relations across the African continent have witnessed a remarkable expansion. During the period from 2003 to 2020, Turkey experienced a four-fold increase in bilateral trade with Africa.[1] The number of Turkish embassies in Africa jumped from 12 in 2003 to 42 by 2021. Correspondingly, Turkish foreign direct investment in Africa has surged to $6.5 billion in 2021, an astounding increase over the 2003 level of just $100 million.[2] While consonant with Erdoğan's grand strategy of transforming Turkey into an interregional power,[3] Turkey's outreach to Africa over the past 18 years was not unique among international actors and, in fact, formed one part of a wider global phenomenon of new economic engagement with the continent.

During the previous decade, this new global economic engagement led to unprecedentedly high economic growth rates in several African nations. Dubbed Africa's 'lion economies',[4] these nations consistently experienced economic growth rates higher than 6%. The period witnessed China becoming Africa's top trade partner and India the continent's second largest trading partner. As Turkey's rate of growth in African trade surpassed the European Union by a factor of five, Russia's growth rate in African trade surpassed the EU by a factor of seven.[5] The Arab Gulf states similarly increased their economic trade and investment relationships with Africa.

Turkey's economic outreach to Africa has been spearheaded by the country's world-renowned construction sector that has been engaged in over one thousand infrastructure construction projects across the continent. With construction accounting for

[1] *Daily Sabah*, "Trade with Africa Quadruples over 15 Years, Hits $20.6 Billion", 23 March 2018, https://www.dailysabah.com/business/2018/03/23/trade-with-africa-quadruples-over-15-years-hits-206-billion
[2] Peter Fabricius, "Making Turkey Great Again", *Institute for Strategic Studies* (ISS), 12 March 2021, https://issafrica.org/iss-today/making-turkey-great-again
[3] Michaël Tanchum, "The Logic Beyond Lausanne: A Geopolitical Perspective on the Congruence between Turkey’s New Hard Power and its Strategic Reorientation", *Insight Turkey*, Vol. 22, No. 3, Summer 2020, pp. 41-55
[4] Examples in West Africa are Senegal, Côte d'Ivoire, Ghana, and Nigeria
[5] From 2006 to 2018, Russia's trade with Africa grew by more than 300% and Turkey's by more than 200%, while the European Union's trade with Africa grew by 41%; *The Economist*, "The New Scramble for Africa", 7 March 2019, https://www.economist.com/leaders/2019/03/07/the-new-scramble-for-africa

approximately 9% of Turkey's GDP and employing almost 2 million people,[6] Turkey has reaped domestic benefits from its Africa infrastructure development. Turkish construction in Africa has focused primarily on housing, power plants, water treatment facilities, airports, business centres, hotels, and sports and cultural complexes. From 1972 when Turkish contractors started operating overseas until 2020, African construction projects have accounted for 17% of total Turkish construction projects abroad.[7] The overwhelming majority of those projects have been in the Maghreb, with projects in Algeria and Libya comprising 67% of total African projects (Figure 2). While there is room for Turkish construction firms to further expand their activities across Sub-Saharan Africa, Turkey's focus on infrastructure construction in Africa is in itself no longer sufficient to ensure its economic position on the continent.

For European, Middle Eastern and Asian actors – both established global powers and aspiring middle powers – the scramble to establish positions in Africa's new economic development is of enormous geopolitical consequence. By 2025, Africa will have over 100 cities with more than one million inhabitants.[8] Africa's large supply of affordable land and labour, its expanding yet underserved consumer markets, and the African Continental Free Trade Area launched on 1 January 2021 mean the position of international actors in the global order will increasingly be determined by their commercial connectivity with Africa.[9] The current decade is witnessing a new phase in the global competition for Africa in which African states and their international partners are attempting to reconfigure Africa's connectivity architecture by developing interregional commercial corridors and the manufacturing value chains upon which they are based.

During the years immediately prior to the outbreak of the COVID-19 pandemic, global supply chains were already starting to undergo a process of shortening as companies and countries placed greater emphasis on resiliency than on immediate cost efficiency. In the European context, this profound structural transformation meant bringing sourcing and manufacturing closer to European end-markets, giving rise to a new regionalisation that prioritised nearshoring in the EU's southern and eastern neighbourhoods. The imperative among industries to maintain a low cost base while nearshoring led to the establishment of production facilities in Africa, particularly in North Africa and adjacent regions. In the post-pandemic environment, the impetus to shorten supply chains has accelerated the competition among international actors to develop their own Euro-Africa commercial corridors centred in the Maghreb. Undeterred by the pandemic's severe economic impact, Turkey has expanded its economic involvement in North Africa to reshape the commercial configuration and geopolitics of trans-Mediterranean connectivity.

[6] Türkiye Müteahhitler Birliği (TMB), "Turkish Contracting in the International Market", n.d., https://www.tmb.org.tr/doc/Turkish_Contracting_in_the_International_Markets_2020_03Subat2021.pdf
[7] *Ibid.*
[8] Robert Muggah and Katie Hill, "African Cities Will Double in Population By 2050. Here Are 4 Ways to Make Sure They Thrive", *World Economic Forum*, 27 June 2018, https://www.weforum.org/agenda/2018/06/Africa-urbanization-cities-double-population-2050-4%20ways-thrive/
[9] Caroline Kende-Robb, " 6 Reasons Why Africa's New Free Trade Area Is a Global Game Changer", *World Economic Forum,* 9 February 2021, https://www.weforum.org/agenda/2021/02/afcfta-africa-free-trade-global-game-changer/

Turkish Construction Projects in Maghreb and Greater West Africa

Company	Project	Country
AE Arma-Elektropanç	Grand Mosque Algeria	**Algeria**
Doğanlar Yatırım	Furniture factory and wholesale marketing complex	**Senegal**
ENKA İnşaat	Power Plants in Tripoli, Misrata, Ubari, and Zuwetina; Desalination Plants in Soussa, Derna, Zawia and Zuara; Urban development in Brega and Sirte	**Libya**
	Oued Athmania Dam and water treatment plant	**Algeria**
	Mausoleum-museum-mosque complex	**Gabon**
Limak Holding	Blaise-Diagne International Airport	**Senegal**
	Cement Factory	**Côte d'Ivoire**
MAPA İnşaat	Beni Haroun & Setif-Hodna potable water pipelines, Sid-Lahdjel water treatment plant, Tizi Ouzou stadium	**Algeria**
	Kotoka International Airport Terminal 3	**Ghana**
Rönesans Holding	Al Burdi Hotel, Ghat Airport terminal buildings, Tripoli University buildings	**Libya**
	GEAT Gas Turbine Production Facility	**Algeria**
	Sheraton Hotel,	**Nigeria**
	Agondje Housing Project	**Gabon**
Summa İnşaat	Burj al Baher, Burj Bulayla, Haiti St. Office building, Radisson Hotel, Abu Nawas Resort	**Libya**
	Blaise-Diagne International Airport, Senegal Stadium, Dakar Arena, Dakar Expo Center, Dakar International Conference Center, Radisson Hotel	**Senegal**
	Diori Hamani International Airport, Radisson Hotel	**Niger**
	Sipopo Mall, Sipopo Congress Center, Oyala Government Building	**Equatorial Guinea**
TAV Airports	Enfidha-Hamamet International Airport	**Tunisia**
Yenigün İnşaat	Algerian-Qatari Steel steel plant and auxiliary facilities	**Algeria**
	Japoma Sports Stadium Complex	**Cameroon**

Figure 2: Turkish Construction Projects in the Central Maghreb and Greater West Africa Region

A Tale of Two Corridors: Two Competing Architectures of Europe–West Africa Commercial Connectivity via the Maghreb

In the West African context, the fundamental architecture of trans-Mediterranean connectivity consists currently of two potential Europe-to-Africa, multi-modal corridors: a Morocco-based corridor whose overland component runs along Africa's Atlantic coast and an Algeria-based corridor whose overland component runs through the central Maghreb. Prior to the COVID-19 outbreak, Morocco's West Africa-to-Western Europe corridor was the more advanced in its development while the Algeria-based, central corridor in which Turkey is playing a prominent role was, and remains, in a formative state. Both corridors illustrate that the requirements for a successful Africa-to-Europe corridor reflect two fundamental needs in Africa's current growth phase more generally: increased commercial connectivity to consumer markets and a larger industrial manufacturing base. As the Moroccan example shows, corridors emerge only where the requisite large investments in port and rail infrastructure are coupled with an industrial base anchored in international manufacturing value chains.[10]

The Moroccan Model of Euro-Africa Connectivity: The Value of Value Chains

Prior to the pandemic, Morocco's 2018 inauguration of its *al-Boraq* high-speed rail line – Africa's first high-speed rail transportation connecting Tangier to Casablanca – consolidated Morocco's unrivalled position as an Africa-to-Europe commercial corridor. The first segment of the $2.3 billion, 362 km rail link was built as a Franco-Moroccan joint venture. The *Boraq* line is linked to Morocco's new state-of-the-art Tanger Med port on the country's Mediterranean coast 40 km east of Tangier. In June 2019, Tanger Med

[10] Michaël Tanchum, "Morocco's Africa-to-Europe Corridor: Gatekeeper of a Trans-regional Strategic Architecture", *AIES Fokus*, No. 8 (2020), Austrian Institute for European and Security Policy (AIES), 8 July 2020, https://www.aies.at/publikationen/2020/fokus-20-08.php

became the Mediterranean's largest port with a total container capacity of 9 million twenty-foot equivalent units (TEU), surpassing Spain's Algeciras and Valencia ports. The $1.5 billion capacity expansion was supported by substantial Chinese investment,[11] but China has failed to capitalise on the investment as Beijing so far has been unsuccessful in establishing an independent, Chinese-led manufacturing value chain in Morocco.[12]
The importance of integrating infrastructure investment with industrial manufacturing chains is illustrated by Morocco's successful automotive industry, producing over 700,000 vehicles annually and serving as the western corridor's centrepiece. In 2012, Groupe Renault established a second Moroccan manufacturing plant in Tangier to benefit from the expanded Tanger Med Port and rail link. In 2019, Europe's third largest automaker sent six trainloads of Renault vehicles daily from its Tangier factory to the Tanger Med port for shipment.[13] In June 2019, France's Groupe PSA, Europe's second largest automaker, opened a manufacturing plant in Kénitra, north of Rabat, because of the *Boraq* high-speed rail link to the Tanger Med port.[14] In early 2019, automotive sectors sales accounted for 27.6% of Morocco's exports.[15] Morocco's present vehicle production led by Groupe Renault and Groupe PSA is supported by approximately 200 international suppliers operating their own manufacturing plants in the country, including major firms headquartered in Germany, France, Italy, Spain, Belgium, the United States and Japan. Some Chinese manufacturers are using the opportunity of Groupe PSA's new plant in Kénitra to integrate into the French-led European value chain, such as CITIC Dicastal, whose $400 million Kénitra plant can produce 6 million pieces annually to supply Groupe PSA.[16] The recent history of the Morocco-based West Africa-to-Western Europe corridor illustrates the necessity for Turkey to lay the groundwork for an industrial base development that leads to value chain integration in partnership Africa nations and other international actors.

Turkey's Potential Europe-to-Africa Corridor via the Central Maghreb

Turkey's central Maghreb Europe-to-Africa corridor presently centres on Algeria's road connectivity from its Mediterranean coast to West Africa via the Trans-African Highway system. The recently formed Turkey-Italy-Tunisia transportation network (Figure 3) that slices across the centre of the Mediterranean, creating an arc of commercial connectivity from the Maghreb to the wider Black Sea, forms the primary link in the embryonic central Maghreb Europe-to-Africa corridor that utilises Algeria's connectivity.

[11] China Merchants Group, "Chairman Li Jianhong Visits TANGER", 5 August 2017, https://www.cmhk.com/home/a/2017/h07/a34075_34173.shtml?1
[12] Michaël Tanchum, "China's Challenge in Morocco's Africa-to-Europe Commercial Corridor", *East Asia Forum, 1* August 2020*,* https://www.eastasiaforum.org/2020/08/01/chinas-challenge-in-moroccos-africa-to-europe-commercial-corridor/
[13] El Mehdi Berrada, "Morocco Now Has the Largest Capacity for Shipping Containers in the Mediterranean", *The Africa Report*, 7 August 2019, https://www.theafricareport.com/16021/tanger-meds-rachid-houari-says-morocco-offers-the-largest-capacity-for-shipping-containers-in-the-mediterranean/
[14] Kawtar Ennaji, "PSA Kenitra Plant Officially Opens", *Morocco World News*, 20 June 2019, https://www.moroccoworldnews.com/2019/06/276284/psa-kenitra-plant-officially/
[15] Groupe Société Générale, "Country Risk of Morocco: International Trade", June 2020, https://import-export.societegenerale.fr/en/country/morocco/trade-country-risk#:~:text=Morocco's%20main%20trade%20partners%20are,the%20United%20States%20and%20Italy.
[16] Tanchum, "Morocco's Africa-to-Europe Corridor", *cit.*

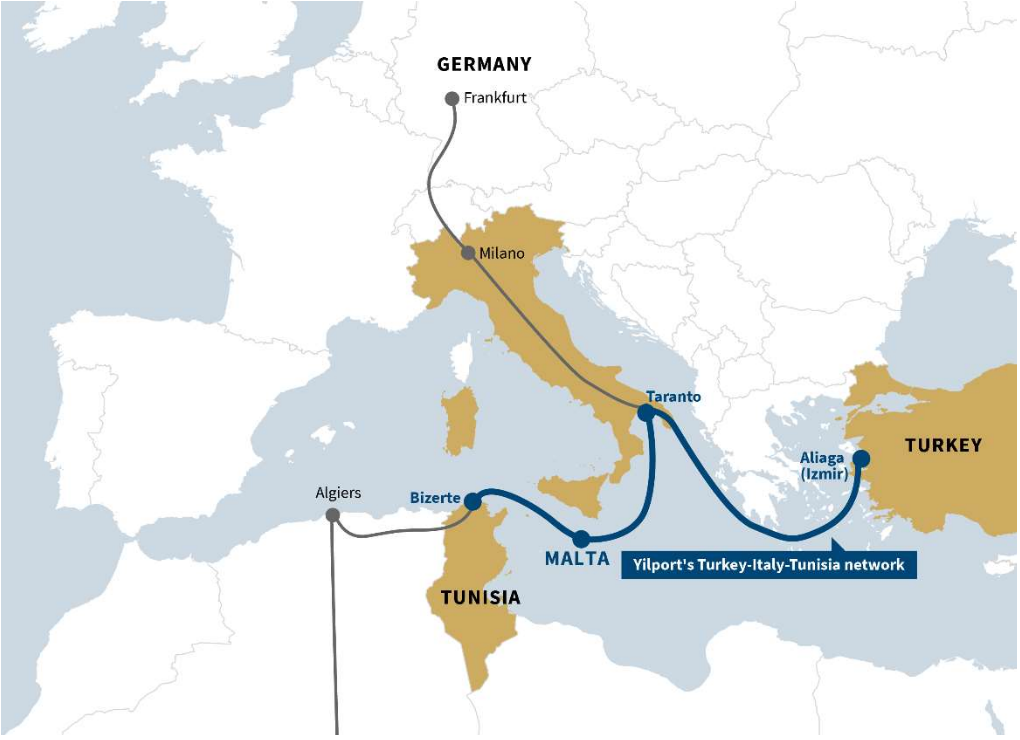

Figure 3: Turkey-Italy-Tunisia Commercial Network, Libya, Energy, and the Mediterranean's New 'Great Game'", Source: SWP

The Turkey-Italy-Tunisia network's central hub is Italy's deep-sea port of Taranto located on the country's southern tip in the heart of the Mediterranean Sea. Managed by Turkish port operator Yilport, the Taranto port began servicing the Turkey-Italy-Tunisia network in early July 2020. The Taranto-Tunisia segment of the network simultaneously forms the core link of a potential Europe-to-Africa commercial transportation corridor, by connecting the central Maghreb coast to Europe via Italy's high-speed rail system. From Tunisia's Bizerte port, the corridor can also link by highway to Algiers, the Mediterranean terminal for the Trans-Saharan Highway (Route 2 in the Trans-African Highway system), potentially extending the Italy-to-Tunisia corridor southward into West Africa as far as Lagos, Nigeria.

The Europe-to-Africa segment of the Turkey-Italy-Tunisia network's central node at Taranto extends southward to Malta's Freeport Terminal at Marsaxlokk – owned and operated by Yilport – and then to Tunisia's port of Bizerte. The Taranto-Malta maritime link is also supported by the European Union as the southernmost link in the EU's own 'Scandinavian-Mediterranean Corridor', one of the nine core corridors of the European Commission's Trans-European Transportation Network, or TEN-T (Figure 4). TEN-T's Scandinavian-Mediterranean Corridor is the EU's central north-south transportation artery, spanning the Scandinavian peninsula, Denmark, Germany, Austria, Italy and Malta. Because the Turkey-Italy-Tunisia network's Taranto-Malta segment was previously designated as the southern terminal link for TEN-T's Scandinavian-Mediterranean Corridor, Turkey's Yilport could become the operator of the hub of what could eventually be the most prized Europe-to-Africa corridor. Interconnecting the EU's Scandinavian-Mediterranean Corridor with Africa's Algeria-to-Nigeria Trans-Saharan Highway, the Turkey-Italy-Tunisia network's Italy-Tunisia segment potentially forms the vital link for a mega-corridor spanning Europe and Africa from 60° N. to 6° N. latitude.

Although Italy has been intimately involved in the construction of Algeria's transportation infrastructure and maintains a substantial presence in Algeria's oil and natural gas industries, Rome has not coupled Algeria's transportation infrastructure development with investments in local industrial production linked to a manufacturing value chain. As such, Italy's role in Algeria's commercial connectivity remains far from certain as Turkey's outsized military presence in Libya is augmenting Ankara's already increasing political and economic clout in neighbouring Algiers and Tunis. Turkey has made strong inroads in Algeria through $3.5 billion in investments, ranking Turkey as one of Algeria's top foreign investors.[17] Turkey's strategic partner Qatar also has invested in Algeria as well as sizable investments in Tunisia. Doha's approximately $3 billion investments in Tunisia ranks Qatar as the country's second largest investor, behind France but leapfrogging ahead of both Italy and Germany.[18]

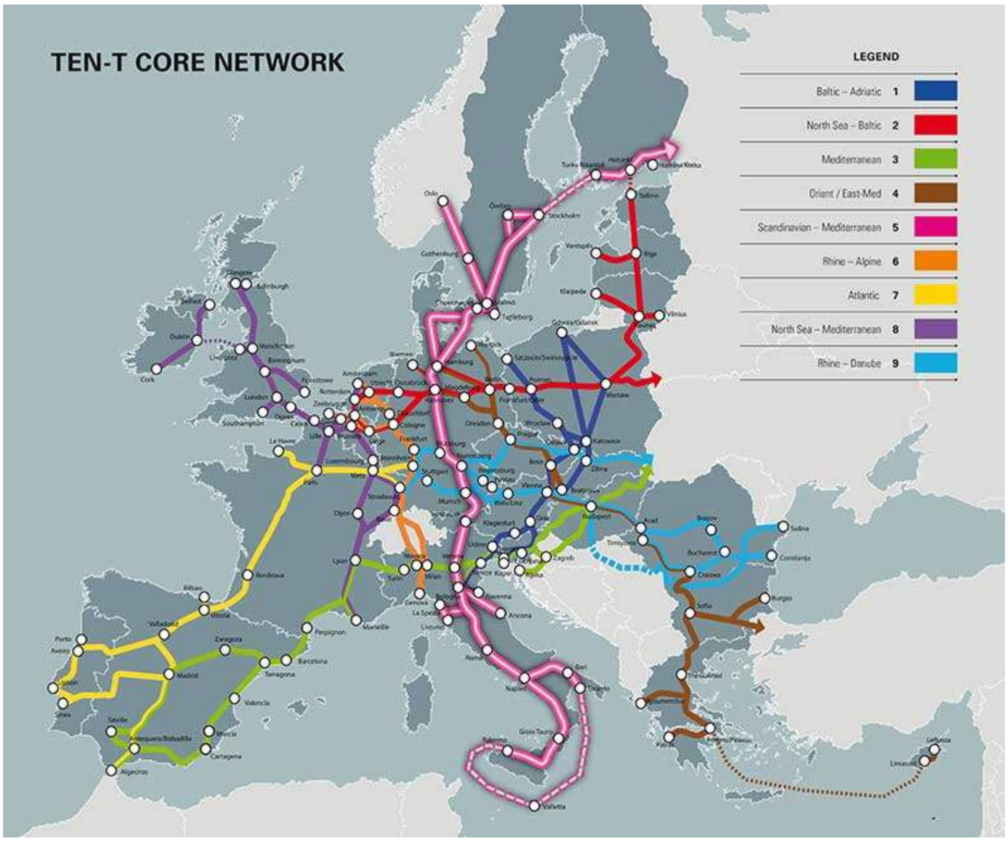

Figure 4: TEN-T Core Network Corridors, "Trans-European Railway High-Speed Master Plan Study", 2017, Source: European Comission, DG MOVE, TENtec Information System

While the Turkey-Italy-Tunisia network constitutes a significant advance for Euro-Africa connectivity, Bizerte and Tunisia's five other medium-sized ports do not provide an economy of scale to sustain an economic corridor. With Tunisia's 8.8% economic

[17] Michaël Tanchum, "Italy and Turkey's Europe-to-Africa Commercial Corridor: Rome and Ankara's Geopolitical Symbiosis Is Creating a New Mediterranean Strategic Paradigm", *AIES Fokus*, No. 10 (2020), Austrian Institute for European and Security Policy (AIES), 25 August 2020, https://www.aies.at/publikationen/2020/fokus-20-08.php

[18] *Gulf Times*, "Amir's Visit Confirms Tunisia's Distinguished Ties with Qatar", 25 February 2020, https://m.gulf-times.com/story/656843/Amir-s-visit-confirms-Tunisia-s-distinguished-ties-with-Qatar

contraction in 2020,[19] it remains unclear when construction will begin on Tunisia's proposed deep-sea port at Enfidha. China is in the process of building Algeria's *El Hamdania* port as a massive trans-shipment port located about 60 km west of Algiers.[20] With a container capacity of 6.5 million TEU, *El Hamdania* could function as the hub of a Europe-to-Africa corridor linking Yilport's Taranto and Malta operations to the Trans-Saharan Highway. While the Turkey-Qatar partnership has gained economic and political influence in the central Maghreb, it will only secure a leadership position in the central corridor through the development of a manufacturing base in Algeria and in West Africa. Turkey stands at a critical junction in the international scramble to establish Europe-to-Africa commercial corridors, facing the pressing challenge to move beyond construction projects to establish Turkish-led industrial manufacturing value chains that will connect Europe, Africa and the Middle East.

Turkey's efforts to establish a manufacturing base in Africa have focused on three sectors in which Turkey is competitive globally – iron and steel; cement building materials; and textiles and apparel. In 2019, Turkey ranked as the world's eighth largest steel producer[21] and consistently ranks as the world's sixth largest cement producer.[22] The products of these two industries can also form the inputs for Turkish construction projects in Africa and elsewhere and service Turkey's predilection for vertical integration. Turkey is also one of the world's most important textile and apparel manufacturing nations. Turkey's textile and apparel industry is the world's sixth largest supplier to global markets and the third largest supplier to the European Union.[23] Turkey's textile and apparel industry traditionally accounts for at least 10% of the country's GDP and currently employs over a million Turks.[24] In 2019, Turkey's combined textile and apparel exports totalled $26 billion, representing 21.8% of its total exports.[25] Furniture manufacturing, another industry where Turkey is competitive globally, is also emerging as a sector in which Turkey is establishing a manufacturing base in West Africa.

Among the 15 member states of the Economic Community of West African States (ECOWAS), the four largest economies are Nigeria, Ghana, Côte D'Ivoire and Senegal. With its 206 million citizens and a pre-COVID19 nominal GDP of $448.12 billion, only seven places behind Turkey, Nigeria is the economic giant of ECOWAS. With exception of Hayat

[19] Mongi Saidani, "Tunisia's Economy Records Unprecedented Contraction", *Asharq Al-Awsat*, 17 February 2021, https://english.aawsat.com/home/article/2811171/tunisia%E2%80%99s-economy-records-unprecedented-contraction

[20] *Construction Review*, "China to Construct Mega Sea Port in Algeria", 5 April 2016, https://constructionreviewonline.com/2016/01/china-construct-mega-sea-port-algeria/#:~:text=Algeria's%20Transport%20Ministry%2C%20China%20State,center%20transshipment%20port%20of%20Cherchell

[21] World Steel Association, "The Largest Steel Producing Countries", 27 January 2020, https://www.worldsteel.org/en/dam/jcr:391fbe61-488d-46d1-b611-c9a43224f9b8/2019%2520global%2520crude%2520steel%2520production.pdf

[22] M. Garside, "Major Countries in Worldwide Cement Production 2010-2020", *Statista*, 17 February 2021, https://www.statista.com/statistics/267364/world-cement-production-by-country/

[23] ERAI Turkey, "Textile Industry in Turkey in 2020", 12 May 2020, https://eraiturkey.com/news/textile-industry-in-turkey-in-2020/

[24] When including supporting sub-sectors, the textile and apparel industry employed 1.67 million. *Ibid.*; Republic of Turkey Ministry of Economy, "Textile Machinery", 2018, https://trade.gov.tr/data/5b8fd58313b8761f041fee92/463509df3a740ee554c4aaa268811bc6.pdf

[25] 2019 apparel exports totalled $18.2 billion while textile exports stood at $7.8 billion. Turkey's total exports in 2019 totalled $119.2 billion; İstanbul Hazır Giyim ve Konfeksiyon İhracatçilari Birliği (İHKİB), "Turkey's Export Markets General, Apparel and Textile 2019 – 2019 Yearly", n.d., https://www.ihkib.org.tr/fp-icerik/ia/d/2020/03/12/turkey-leading-exporters-market-2019-yearly-20200312175550313-3F876.pdf

Kimya's $100 million diaper and tissue production facility in Nigeria's Ogun state, Turkey has no manufacturing presence in country.[26] Turkey also has no manufacturing presence in Ghana. Turkey's economic outreach to ECOWAS (also known by its French acronym CEDEAO, or Communauté Économique des États de l'Afrique de L'Ouest), has focused primarily on the region's eight francophone members. Exploiting long-simmering discontent with France and a more recent growing dissatisfaction with China's goods and services, Turkey has developed its deepest economic relations in the greater West Africa region among the francophone nations. In particular, Turkey has targeted Senegal whose Dakar port is the Atlantic terminal for both Trans-African Highway Routes 7 and 5 that traverse the major urban centres of West Africa's coastal states and the five Sahel nations, respectively.

[26] The facility employs 400 persons and produces Hayat's flagship brand MOLFIX diapers and Papia Familia tissues; Helen Morris, "Hayat Kimya's $100m Nigerian Plant Expands Its Dominance in Africa", *Tissue World Magazine*, 6 November 2017, https://www.tissueworldmagazine.com/departments/operations-report/hayat-kimyas-100m-nigerian-plant-expands-its-dominance-in-africa/

Algeria: Turkey's Maghreb Gateway to West Africa

With Turkish firms involved in 377 Algerian investment projects, Algeria has the world's third highest presence of Turkish companies.[27] Turkish firms collectively constitute Algeria's largest foreign employer, providing jobs for 28,000 Algerians.[28] A central component of Turkey's Africa strategy since Erdoğan's 2006 signing of a "Friendship and Cooperation Agreement" in Algiers,[29] Turkey's involvement in the country advanced after Erdoğan and a delegation of 200 business leaders travelled to Algeria in 2013, a trip that also included Morocco and Tunisia, to utilise opportunities provided by the circumstances of the Arab Spring to expand Turkey's economic relations in the Maghreb. Reflecting Algeria's strategic importance, Turkey's president made three subsequent state visits. The most recent of Erdoğan's visits occurred in January 2020, one month into Turkey's game-changing military intervention in neighbouring Libya. Declaring Algeria as 'one of our strategic partners in North Africa', Erdoğan explained that 'Algeria is one of Turkey's most important gateways to the Maghreb and Africa'.[30]

Turkish efforts to develop a manufacturing base in Algeria have centred on iron and steel production as well as textile and apparel manufacturing. As one of Africa's three largest iron ore producers,[31] Algeria is an attractive site for Turkish iron and steel manufacturing and can help provide vertical integration for Turkish construction efforts in the Maghreb and West Africa. The development of Turkish iron and steel production in Algeria has been led by Turkey's third largest steelmaker Tosyalı, which inaugurated its Tosyalı Algerie iron and steel manufacturing complex in 2013. Located 46 km east of Algeria's second largest city Oran, the $2.4 billion complex was completed in three development phases. The $500 million first phase development created an annual capacity to produce

[27] Algeria Press Service, "Algeria-Turkey: Business Forum Lays Foundations for New Era in Bilateral Economic Relations", 27 January 2020, https://www.aps.dz/en/economy/32864-algeria-turkey-business-forum-lays-foundations-for-new-era-in-bilateral-economic-relations

[28] Frida Dahmani and Larissa Samba, "Turkey's Push to Win Over the Maghreb: The Gateway to Africa", *The African Report*, 4 September 2020, https://www.theafricareport.com/40438/turkeys-push-to-win-over-the-maghreb-the-gateway-to-africa/

[29] Republic of Turkey Ministry of Foreign Affairs, "Relations between Turkey-Algeria", n.d., https://www.mfa.gov.tr/relations-between-turkey%E2%80%93algeria.en.mfa

[30] *Hürriyet Daily News*, "Turkey, Algeria Aim for $5 Billion Trade," 27 January 2020, https://www.hurriyetdailynews.com/turkey-algeria-aim-for-5-billion-trade-151454

[31] Africa's three largest iron ore producers are South Africa, Algeria and Mauritania. With iron deposits relatively prevalent across the continent, many nations' iron ore deposits remain to be commercialised. In West Africa, Côte d'Ivoire, Cameroon, Guinea and Ghana are some of the most promising for development. For the revival of iron ore mining in Angola, see discussion in main text. Mamaili Mamaila, "Africa's Iron-Ore Sector Largely Unexplored – Consultant", *Mining Weekly,* 24 July 2020, https://www.miningweekly.com/article/africas-iron-ore-sector-largely-unexplored-consultant-2020-07-24

1.2 million tons of construction iron to meet about 28% of Algerian demand, helping to close the gap in the vital construction material.[32]

With the completion of the $250 million second phase development investment in 2015, Tosyalı opened a coil iron production facility with an annual capacity of 500,000 tons.[33] Coil iron is the input for the manufacture of basic construction sector materials such as wire, nails and mesh steel. By meeting 60% of Algeria's demand Tosyalı Algerie was able to significantly reduce Algeria's need for imports. In addition to construction iron and wire rod production, Tosyalı Algerie opened a spiral steel piping manufacturing plant in 2018 with annual capacity of 400,000 tons. In 2019, Tosyalı Algerie exported 3,000 tons of steel pipe as well as 131,000 tons of reinforcing bar, primarily to markets in Europe.[34] The spiral steel piping production facility is part of Tosyalı Algerie's $1.6 billion 'Mega Project' third phase development. The Tosyalı Algerie iron and steel complex employs approximately 4,000 Algerians, with the company planning to expand its workforce to 6,000 upon completion of its third phase development. Presently, Tosyalı Algerie maintains an annual iron production capacity of 3.4 million tons and a steel production capacity of 2.2 million tons of steel billet.[35]

Özmert Algerie, manufacturer of construction materials as well as door and window systems, developed its own steel manufacturing facilities in two respective development phases in 2017 and 2020 to reach self-sufficiency in steel production.[36] Operating at about 30% capacity because of a power supply shortage on account of Algeria's inadequate electricity transmission infrastructure, Özmert Algerie plans to install its own 22 MW dedicated power plant in 2022 and triple its present work force to a total of 1,500.[37] Turkey's iron and steel manufacturing presence in Algeria is augmented by the investments of its strategic partner Qatar in Algerian steel production. In 2013, Qatari Steel International opened a steel manufacturing complex, Algerian Qatari Steel (AQS), with an annual production capacity of 500,000 tons of wire rod and 1.5 million tons of reinforcing bar.[38] The AQS complex itself was built by the Turkish construction firm Yenigün İnşaat. The largest steel mills in Algeria, Tosyalı Algerie and AQS dominate Algeria's growing steel industry. Beyond the production of construction materials for Algeria and regional markets, Turkish and Qatari steel production in Algeria creates the possibility for value chain integration in household appliance manufacturing and, most critically, automobile manufacturing.

Algeria's broader struggle to develop a local manufacturing base is best illustrated by the inability of Algeria's nascent automotive sector and its foreign partners to establish a reliable automotive manufacturing value chain in the country. In contrast to Morocco, automobile manufacturing has produced disappointing results so far for Algeria, owing to a combination of government mismanagement under Algeria's long-time former leader

[32] Tosyali Holding, "Tosyali Iron Steel Industry Algerie", n.d., https://www.tosyaliholding.com.tr/en/our-scope-of-activity/group-companies/international-subsidiaries/tosyali-iron-steel-industry-algerie
[33] *Ibid*.
[34] Hassen Zenati, "La Turquie prend pied en Algérie", *Kapitalis*, 29 January 2020, http://kapitalis.com/tunisie/2020/01/29/la-turquie-prend-pied-en-algerie/
[35] *Ibid*.
[36] *Steel Orbis*, "Algeria's Ozmert One Step Closer to Self-Sufficiency in Billet", 2 June 2020, https://www.steelorbis.com/steel-news/latest-news/algerias-ozmert-one-step-closer-to-self_sufficiency-in-billet-1148406.htm
[37] M. Laradj, "La production de l'aciérie algéro-turque plombée", *Liberté Algerie*, 2 November 2020, https://www.liberte-algerie.com/ouest/la-production-de-lacierie-algero-turque-plombee-348275
[38] Algerian Qatari Steel, "Who Are We?", n.d., https://aqs.dz/

Abdelaziz Bouteflika and foreign companies' extensive use of complete knockdown (CKD) and semi-knockdown (SKD) kits for vehicle assembly. CKD and SKD kits comprise all the components of a car, totally unassembled or partially assembled respectively, manufactured elsewhere and exported for final assembly in a host country. While the use of CKDs and SKDs is not uncommon for manufacturers that are newly establishing operations in a developing market like Algeria, the practice results in car assembly without the establishment of local manufacturing by international companies to supply components.

Bouteflika's successor President Abdelmadjid Tebboune has sought to promote robust automotive manufacturing, but his policies have alienated foreign automakers operating in the country. In December 2019, Volkswagen suspended operations indefinitely.[39] Groupe Renault's plant near Oran has been shut down since February 2020 and South Korea's KIA closed its Algerian plant in May 2020.[40] Groupe PSA has likewise refrained from opening its Peugeot Citroën Production Algeria plant in Oran, planned since 2017.[41] In April 2020, the Tebboune government adopted new guidelines to promote Algeria's swift transition to electric vehicles (EVs).[42] In July 2020, Turkey's Automobile Joint Venture Group TOGG (Türkiye'nin Otomobili Girişim Grubu) announced the development of two EV models – the TOGG SUV expected to be produced in 2022 and a TOGG sedan expected to be produced in 2024.[43] In support of Turkey's first attempt to develop its own domestic car production since the ill-fated Devrim of the early 1960s, Ankara has incentivised the establishment of TOGG's EV manufacturing plant in Gemlik, Turkey's manufacturing hub in Bursa province.[44] If Turkey does establish EV production facilities in Algeria, this will be the kind of higher value-added production necessary to establish an independent Turkish-led manufacturing value chain that could position Turkey as a bonafide leader of the central corridor.

The extent to which Turkey plans to develop higher value-added manufacturing remains unclear. Turkey's Rönesans Holding formed a joint venture partnership with Algeria's state-owned energy giant Sonatrach as well as Korea's GS E&C to build a petrochemical manufacturing plant in Ceyhan, Turkey rather than in Algeria. Petrochemicals are the components of plastics, fibres, foams, adhesives and dyes that form the basic elements of most consumer products, and their manufacture is a higher value-added form of production. The $1.4 billion Ceyhan facility is slated to produce 450,000 tons of the thermoplastic propylene from Algerian propane supplied by Sonatrach. Although guaranteeing offtake for Algerian propane, the Ceyhan plant's polypropylene output will

[39] *France24*, "Volkswagen Says Production Suspended in Algeria", 16 December 2019, https://www.france24.com/en/20191216-volkswagen-says-production-suspended-in-algeria

[40] Arezki Benali, "Tebboune : « L'usine Renault qui est ici n'a rien à voir avec celle qui est installée au Maroc »", *Algerie Eco*, 20 February 2020, https://www.algerie-eco.com/2020/02/20/tebboune-lusine-renault-est-ici-na-rien-voir-celle-installee-maroc/; *France24*, "Carmaker Kia Closes Algeria Assembly Line over Supply Disruptions", 15 May, 2020, https://www.france24.com/en/20200515-carmaker-kia-closes-algeria-assembly-line-over-supply-disruptions

[41] Peter Sigal, "Algeria's Auto Dreams Clouded by Uncertainty", *Automotive News Europe*, 21 April 2020, https://europe.autonews.com/automakers/algerias-auto-dreams-clouded-uncertainty

[42] Boris Ngounou, "Algeria: Algerian President Aims for Electric Cars", *Afrik21*, 13 April, 2020, https://www.afrik21.africa/en/algeria-algerian-president-aims-for-electric-cars/

[43] Chris Tsui, "TOGG: Turkey's First Car Company Will Build Pininfarina-Designed Electric Vehicles", *The Drive*, 27 December 2020, https://www.thedrive.com/news/31638/togg-turkeys-first-car-company-will-build-pininfarina-designed-electric-vehicles

[44] Muammer İrtem, Huzeyfe Özdemir and Semih Şahin, *"Yerli otomobil Gemlik'te üretilecek"*, *Hürriyet*, 27 December 2019, https://www.hurriyet.com.tr/ekonomi/yerli-otomobil-gemlikte-uretilecek-41407459

reduce Turkish industries' need for polypropylene imports by 20%, resulting in an estimated reduction in Turkey's current account deficit of $250 million per year.[45]

The Ceyhan Polypropylene Production Facility stands in stark contrast to French energy giant TOTAL's 2018 investment to create an Algerian petrochemical production facility, forming a joint venture under Algeria's 51/49 framework called Sonatrach TOTAL Entreprise Polymères (STEP) to produce polypropylene.[46] STEP's combined $1.4 billion investment will create Algeria's first polypropylene production facility with an annual output capacity of 550,000 tons to supply Algerian and regional demand under Algerian auspices while TOTAL will be responsible for the commercialisation of the remainder in Europe.[47] With annual global demand for the thermoplastic expected to grow by 5% throughout the decade,[48] France and not Turkey is assisting Algeria to develop a hydrocarbon manufacturing value chain. Involvement in thermoplastic production is crucial for future manufacturing as next-generation thermoplastics are expected to replace heavy metallic structures in several manufacturing sectors including automobile components and electric vehicle batteries.[49]

The textile and apparel industry is the other sector in which Turkey is establishing a manufacturing base in Algeria. In 2018, Turkey's textile giant Taypa Tekstil, a subsidiary of Tay Group, inaugurated Africa's largest textile production plant under the joint venture company TAYAL SPA. The joint venture was initiated in 2013 by Tay Group with three Algerian state-owned entities[50] under Algeria's 51/49 joint venture partnership framework[51] to become Tay Algeria or, more commonly, TAYAL. Upon the completion of all three development phases, TAYAL's $1.5 billion manufacturing complex in Algeria's Relizane province will employ 10,000 people.[52] The 2.5 million square metre facility will have an annual production capacity of 60 million metres of woven fabric and 30 million garment pieces. [53] The TAYAL complex is designed to be one of the world's few completely integrated textile complexes, going through every manufacturing stage of fibre transformation from cotton fibre to ready-to-wear garments. The TAYAL complex belies

[45] Rönesans Holding, "Rönesans Holding Moves into a New Industry, Eyeing to Become a Global Petrochemicals Producer", n.d., https://ronesans.com/en/ronesans-holding-moves-into-a-new-industry-eyeing-to-become-a-global-petrochemicals-producer/

[46] Total, "Algeria: Total Strengthens Its Cooperation with Sonatrach and Launches the Engineering Studies for a Petrochemical Project in Arzew," 11 May 2018, https://www.total.com/media/news/press-releases/algeria-total-strengthens-its-cooperation-sonatrach-and-launches-engineering-studies-petrochemical

[47] Thirty percent of the project's financing will consist of equity, while remaining 70% will be funded through bank loans from *BNA Algérie*. *El Watan*, "Joint-venture entre Sonatrach et Total pour la réalisation d'un complexe de polypropylène à Arzew", 18 January 2019, https://www.elwatan.com/edition/actualite/joint-venture-entre-sonatrach-et-total-pour-la-realisation-dun-complexe-de-polypropylene-a-arzew-18-01-2019

[48] *Fortune Business Insight*, "Polypropylene Market Size, Share & COVID-19 Impact Analysis, by Type (Homopolymer, Copolymer), by End User (Packaging, Automotive, Infrastructure & Construction, Consumer Goods/Lifestyle, Healthcare & Pharmaceuticals, Electrical & Electronics, Agriculture, Others), and Regional Forecast, 2020-2027", September 2020, https://www.fortunebusinessinsights.com/industry-reports/polypropylene-pp-market-101583

[49] Peerzada Abrar, "Saudi Chemical Giant SABIC Bets Big on India to Create Future Tech Products", *Business Standard*, 25 November 2019, https://www.business-standard.com/article/technology/saudi-chemical-giant-sabic-bets-big-on-india-to-create-future-tech-products-119112400303_1.html

[50] Leather and textile producers TEXALG and C&H Fashion, now part of Getex Group, as well as Société Nationale des Tabacs et Allumettes (National Tobacco and Match Company) or SNTA, now Madar Holding

[51] *Anadolu Agency*, "Turkish-Algerian Partnership Launches Textile Facility, 15 January 2018, https://www.aa.com.tr/en/africa/turkish-algerian-partnership-launches-textile-facility/1031199#]

[52] TAYAL, "About Us", n.d., http://tayal.dz/about-us/

[53] Hassen Zenati, "La Turquie prend pied en Algérie", *Kapitalis*, 29 January 2020, http://kapitalis.com/tunisie/2020/01/29/la-turquie-prend-pied-en-algerie/

Turkey's orientation toward vertical integration in Africa rather than establishing Turkish-led international manufacturing value chains, as happened with the French-led manufacturing value chain established by Groupe Renault and Groupe PSA's automotive production operations in Morocco. Turkey's emphasis on chain monopolisation in Africa is also exhibited in its more recent parallel attempts to develop a manufacturing base in West Africa.

The majority of TAYAL's production, 60%, is slated for export while the remaining 40% is earmarked for Algeria's domestic market.[54] With TAYAL's output, Algeria's textile exports could reach €2 billion by 2022 or soon thereafter depending on the pace of the post-COVID-19 economic recovery in its export markets.[55] The company's international sales are mostly high-quality yarns, which were exported only three months after the launch of production. Aside from Turkey, TAYAL has exported its yarns to Belgium, France, Italy, Poland, Portugal and Spain in Europe, and Egypt, Morocco and Tunisia in Africa. Expanding beyond yarns, the company has exported its denim, non-denim and knitted forms to Egypt, Morocco and Tunisia, as well as Turkey.[56]
Turkey's vertical integration from fibre to the retail sale of garments has alienated other countries in the Maghreb. Despite signing a free trade agreement with Turkey, Morocco imposed a 36% import tax on Turkish textiles and apparel in July 2020,[57] after suffering an annual $2 billion trade deficit, upwards of half of which was due to Turkey's textile and apparel exports. The additional tariff went into effect on Turkish brands such as LC Waikiki, Koton, Defacto and the retail operations of mega-chain Bim.[58] The move is part of a long-standing dispute over what Rabat perceives as Turkey's predatory trade practices; Morocco's Minister of Industry claims that in 2017 alone the Turkish textile and apparel industry was responsible for the loss of approximately 44,000 jobs in the sector in Morocco.[59]

Facing similar circumstances, Tunisia claims to have lost 40,000 jobs and 300 enterprises due to Turkish textile and apparel imports, prompting the Tunisian parliament to impose a 27% tax on Turkish imports in 2018.[60] As Turkey seeks to engage in wholesale and retail logistics in West Africa, Ankara should encourage a less aggressive pursuit of vertical integration or it will start to grow the seeds of widespread discontent in West Africa. By encouraging international firms from other countries to open their own local production sites to supply Turkish manufacturing value chains, more capital growth and diversification would occur in Africa. The unbridled pursuit of vertical integration in which Turkey monopolises all stages of the value chain from raw material inputs to retail distribution to end-markets, by contrast, would result in an extended neomercantilism in which the control of capital flows and the economic life of African nations become centred in Istanbul and Ankara.

[54] *Hürriyet Daily News*, "Turkish-Algerian Partnership Launches Textile Facility", 15 January 2018, https://www.hurriyetdailynews.com/turkish-algerian-partnership-launches-textile-facility-125748
[55] *Kohan Textile Journal,* "Tayal a Textile Giant in North Africa", 4 January 4 2021 https://kohantextilejournal.com/tayal-a-textile-giant-in-north-africa/
[56] *Ibid.*
[57] Yahia Hatim, "Morocco Imposes Higher Import Tax on Turkish Textile Products", *Morocco World News,* 28 July 2020, https://www.moroccoworldnews.com/2020/07/312682/morocco-imposes-higher-import-tax-on-turkish-textile-products/
[58] *Ibid.*
[59] *Ibid.*
[60] Lamine Ghanmi, "Tunisia Trims Controversial Trade Deficit with Turkey by Taxing Imports", *The Arab Weekly*, 11 February 2018, https://thearabweekly.com/tunisia-trims-controversial-trade-deficit-turkey-taxing-imports

Senegal: Turkey's Atlantic Gateway to West Africa

Senegal's Atlantic coast port of Dakar is the vital connectivity node for West Africa. Analogous to Algiers being the Mediterranean terminal point for the Trans-Saharan Highway, Dakar serves as the coastal terminal point for the Dakar-Ndjamena highway (Trans-African Highway Route 5) that traverses all five Sahel nations, and for the Dakar-Lagos highway (Trans-African Highway Route 7) that traverses the coastal urban centres of the ECOWAS nations (Figure 5). Thus, Senegal itself forms the hub of a multi-modal route that could be more cost efficient than maritime commercial transportation to the Gulf of Guinea. A 'lion economy' par excellence, Senegal witnessed some of Africa's highest economic growth rates from 2014 to 2018, staying above 6% annually.[61] Economically resilient, the onset of the COVID-19 pandemic reduced Senegal's 2019 growth rate only to 5.3% while the country was able to avoid an economic contraction in 2020 with a more modest growth rate of 1.3%.[62] Turkish construction firms have contracted 29 projects in Senegal,[63] including the signature project of constructing the country's €575 million

Figure 5: Trans-African Highway System – Routes 5 and 7, Source: Wikipedia Commons, https://commons.wikimedia.org/wiki/File:Dakar-Lagos_Highway_Map_2019.png

[61] World Bank, "The World Bank in Senegal – Overview", 17 July 2020, https://www.worldbank.org/en/country/senegal/overview#:~:text=Economic%20Overview&text=Since%20early%202020%2C%20the%20COVID,and%20exports%20particularly%20hard%20hit

[62] *Ibid.*

[63] APA, "Turkish investments in Senegal to Enhance Ties with Africa", 29 January 2020, https://apa.az/en/africa-news/Turkish-investments-in-Senegal-to-enhance-ties-with-Africa-309987

Blaise-Diagne International Airport.[64] Senegal's strategic importance to Ankara is illustrated by the fact that President Erdoğan's aforementioned January 2020 trip to Algeria one month into Turkey's Libya intervention was part of a three-country trip that included Senegal and Gambia, itself surrounded by Senegal.

Turkey's flagship project to develop a manufacturing base in Senegal is Tosyalı Holding's $2 billion iron and steel manufacturing complex and special economic zone in Khelcom, Senegal.[65] In speaking about the Senegalese project contracted between Tosyalı Holding and Senegal's Mines and Geology Ministry in 2018, Tosyalı Holding's chairman Fuat Tosyalı pointed to the strategic aspect of his company's investment in Senegal which Tosyalı described as 'the gateway to West Africa with its population of more than 15 million and its geographical location'.[66] Tosyalı Holding expects its Senegalese iron and steel manufacturing complex to reach a total annual output of 750,000 tons.[67] With an eye toward vertical integration, Tosyalı Holding acquired the abandoned Cassinga iron ore mining and steel concern in the south-western African country of Angola. The Cassinga complex boasts one of the largest iron ore mines in Angola and Tosyalı began work in January 2020 to revive mining operations for the initial processing of 5 million tons of iron ore with the goal of doubling iron production soon thereafter.[68] In discussing how Tosyalı's iron and steel manufacturing in Senegal will contribute to regional development, Tosyalı Holding's chairman illustrated the priority placed on vertical integration by adding, 'In Angola, we focused on the mining issue, which is the most important part of integrating our business'.[69] Turkish mining operations for iron ore and other minerals required for industrial manufacturing as well as gold mining[70] form an increasing priority for Turkey across West Africa. Mining agreements have been a key component of Turkey's outreach to Niger, Mali, Burkina Faso, Liberia and Guinea.

In addition to steel, Turkey is also developing a furniture manufacturing base in Senegal. Doğanlar Holding, one of Turkey's top three furniture makers with its Doğtaş and Kelebek brands, has created a bed and upholstered furniture manufacturing facility in Senegal.[71] Developed from 2017 to 2020, the $50 million production site at full capacity employs 1,000 people and seeks to serve a new market for beds and pull-out sofas in Senegal and across ECOWAS markets.[72] The Doğanlar's Senegal facility can benefit from Turkish

[64] *Limak*, "Senegal Dakar Blaise-Diagne International Airport, Senegal", 2017, http://www.limak.com.tr/sectors/construction/projects/projects-completed/airports/senegal-dakar-blaise-diagne-international-airport#:~:text=In%20the%20first%20stage%20the,million%20passengers%20in%202035%2C%20respectively

[65] APA, "*Turkish investments in Senegal to enhance ties with Africa*", *cit.*

[66] Tosyalı Holding, "Tosyalı Holding'in Afrika'daki Yeni Durağı Senegal", n.d., https://www.tosyaliholding.com.tr/medya-merkezi/basinda-biz/tosyali-holdingin-afrikadaki-yeni-duragi-senegal

[67] *Hürriyet,* "Tosyalı Holding'in 2,5 milyar dolarlık çelik fabrikası yatırımında son düzlüğe girildi", 16 April 2021, https://www.hurriyet.com.tr/ekonomi/tosyali-holdingin-2-5-milyar-dolarlik-celik-fabrikasi-yatiriminda-son-duzluge-girildi-41790049

[68] *Ibid.*

[69] *Ibid.*

[70] In addition to its use as a reserve currency and to make jewellery, gold as a highly efficient, corrosion-free conductor is a vital component in electronics manufacturing

[71] Sibel Atik, "Senegal'de mobilya fabrikası kuracağız", *Ekonomist*, 11 January 2020, https://www.ekonomist.com.tr/soylesi/senegalde-mobilya-fabrikasi-kuracagiz.html; Doğanlar Holding, "Odağında Enerji İnşaat ve Mobilya Var", 27 December 2020, https://doganlarholding.com.tr/basinmedya/odaginda-enerji

[72] *Daily Sabah*, "Domestic Manufacturers to Open Senegal's First Furniture Factory", 15 December 2017, https://www.dailysabah.com/business/2017/12/15/domestic-manufacturers-to-open-senegals-first-furniture-factory

manufacturing in Senegal and Algeria to service its needs for fabric as well as coil and other metal inputs for cost-effective vertical integration among Turkish manufacturers.

Turkey's Economic Approach to the Wider West African Region

Turkey's approach to Côte d'Ivoire, francophone West Africa's largest economy, resembles its approach to Senegal, although on a smaller scale. Turkey's only production site in Côte d'Ivoire is the cement manufacturing plant established by Limak Cement Group in 2018. Limak's Abidjan plant has an annual production capacity of 1 million tons and 1 million cubic metres of ready-mixed concrete.[73] Equipped with a research and development facility, Limak intends for its Ivorian cement facility to service the growing construction activities in the West African region.[74] Given the prior presence of several other international cement conglomerates, Limak's operations likely will be devoted to serving Turkish vertical integration. Swiss-headquartered cement giant LafargeHolcim's Ivorian cement plant has an annual production capacity of 2.5 million tons, with the LafargeHolcim Côte d'Ivoire subsidiary distributing Ciment Bélier throughout West Africa.[75] The Moroccan-owned cement conglomerate Ciments de L'Afrique similarly produces over 2 million tons of cement and ready-mixed concrete.[76] Likewise France-based Groupe Amida operates three cement production sites in Côte d'Ivoire producing the well-known Ciment Cuirrasse line of cement products. All three cement conglomerates increased their respective production capacity in Côte d'Ivoire during the same timeframe in which Limak built its Ivorian production site.

Although much poorer than Côte d'Ivoire, Niger is one of the most strategically important countries for Turkey because of its geographic location on the southern borders of Algeria and Libya. In relation to commercial corridors, Niger provides critical connectivity between Algeria and Nigeria via its segment of the Trans-Saharan Highway. Initially, Turkey developed its economic relations in Niger with infrastructure construction. As in Senegal, a Turkish construction firm built the country's flagship airport, Diori Hamani International Airport in the Nigerien capital Niamey. Turkey's involvement in Niger's mining sector is crucial for Turkey's economic outreach as mineral extraction accounts for 40% of the country's exports.[77] In January 2020, Turkey and Niger signed a breakthrough agreement to allow Turkey's General Directorate of Mineral Research and Exploration (Maden Tetkik ve Arama Genel Müdürlüğü or MTA) to conduct exploration and mining operations. On 1 September 2020, the directorate formed a wholly owned subsidiary

[73] *Limak*, "Limak Africa Sa (Ivory Coast Grinding And Packing Factory)", n.d., http://www.limak.com.tr/sectors/cement/factories/limak-africa-sa-ivory-coast-grinding-and-packing-factory
[74] *Ibid*.
[75] LafargeHolcim Côte d'Ivoire, "Who We Are?", n.d., http://lafargeholcim.ci/a-propos
[76] Ciment de l'Afrique, "Nos Cites de Production de Ciments", n.d., https://www.cimentsafrique.com/presence
[77] Niger primarily exports cement, coal, gold, gypsum, limestone, salt, silver, tin and uranium; Toya Gold, "Toya Gold Projects: Niger", n.d., http://www.toyagold.com/projects_niger.html

MTAIC Niger Mining Ltd. to conduct gold mining and production at three operations sites in Niger's south-western Liptako-Gourma region.[78]

Turkey will likely make a similar approach to Mali, which possesses mineral reserves that include gold, copper, nickel, manganese, uranium and lithium. The mining subsidiary of TOYA Holding, known for lignite mining in Turkey, established TOYA Gold to explore for gold primarily in Sub-Saharan Africa. TOYA Gold has two active survey sites in Burkina Faso, one in Mali, and undisclosed operations in Niger.[79] The company also has extensive gold-prospective assets in Guinea.[80]

In addition to large-scale infrastructure initiatives, such as the construction of international airports, Turkey also deftly weaves defence cooperation into its efforts toward developing greater market penetration in Africa. A trademark of Turkey's outreach in the Horn of Africa,[81] Turkey is increasingly leveraging defence cooperation, often in the form of military training and weapons sales, to enhance its political and economic presence in the Maghreb and West Africa. In the same year as Senegal and Tosyalı Holding's agreement for the Turkish conglomerate to establish an iron and steel manufacturing complex, Turkey sold Senegal 25 Ejder Yalçın armoured vehicles and four Ejder TOMA riot control vehicles.[82] Similarly, Turkey and Niger signed a defence cooperation agreement in July 2020, six months after their mining agreement, that included Turkish military training for Nigerien forces.[83] With the growth of Turkey's defence industry and its new strategic posture favouring forward bases, Turkey's use of expanding defence cooperation in West Africa to incentivise deeper economic relations will likely increase, particularly in the Sahel sub-region that borders Algeria and Libya.

[78] MTAIC, "Exploration and Mining", n.d., http://www.mtaic.gov.tr/newsdetails.php?newsid=35262187&lang=en

[79] TOYA Gold, "Burkina Faso", n.d., http://www.toyagold.com/projects_burkinafaso.html; TOYA Gold, "Mali", n.d., http://www.toyagold.com/projects_mali.html;N.A; TOYA Gold, "Niger", n.d., http://www.toyagold.com/projects_niger.html

[80] TOYA Gold, "Guinea", n.d., http://www.toyagold.com/projects_guinea.html

[81] Michaël Tanchum, "Turkey's String of Pearls: Turkey's Overseas Naval Installations Reconfigure the Security Architecture of Mediterranean-Red Sea Corridor", *AIES Fokus*, No. 4 (2019), Austrian Institute for European and Security Policy (AIES), May 2019, https://www.aies.at/publikationen/2019/fokus-19-04.php

[82] Munıira Abdelmenan Awel, "Turkish Armored Vehicles Showcased in Senegal", *Anadolu Agency*, April 5 2018, https://www.aa.com.tr/en/africa/turkish-armored-vehicles-showcased-in-senegal/1109401

[83] Republic of Turkey Ministry of Foreign Affairs, "Visit of Foreign Minister Mevlüt Çavaşoğlu to Niger – 21 July 2020", 21 July 2020, https://www.mfa.gov.tr/sayin-bakanimizin-nijer-ziyareti.en.mfa

Challenges and Opportunities for the European Union in Turkey's Emerging Maghreb–West Africa Economic Architecture

On 9 March 2020, the European Commission and the High Representative for EU foreign and security policy issued a joint communication for 'a new comprehensive EU strategy with Africa', based on a programme of 'five partnerships' for 1) green transition and energy access; 2) digital transformation; 3) sustainable growth and jobs; 4) peace and governance; and 5) migration and mobility.[84] The EU's efforts to develop trans-Mediterranean connectivity with the Central Maghreb and West Africa on the basis of the five partnership framework crucially depends on the EU system's ability to incentivise and coordinate investment in local manufacturing plants, particularly in green economy manufacturing sectors, that are integrated in European value chains. The lack of EU partnerships for investments on a strategically significant scale will likely result in a Central Maghreb–West Africa economic architecture that neither represents European priorities nor serves Europe's interests. The emergence of non-European-led manufacturing value chains anchored in Algeria would reconfigure trans-Mediterranean commercial relations, reducing the European Union's economic and political clout in the Central Maghreb and beyond. The anticipated resumption of large-scale Chinese investment in the Central Maghreb and West Africa could hasten this development, especially if synergies develop between China and Turkey in these regions.

The EU system's facilitation of cooperation among EU member states and European-based companies to invest in industrial production in the Central Maghreb would also create a framework in which Turkey could partner with the European Union in the development of Euro-African value chains through multilateral joint venture partnerships. Such partnerships could utilise commercial synergies and sectoral complementarities that

[84] European Commission, "Joint Communication to the European Parliament and the Council: Towards a Comprehensive Strategy with Africa", 9 March 2020, https://ec.europa.eu/international-partnerships/system/files/communication-eu-africa-strategy-join-2020-4-final_en.pdf

already exist between Turkey and various EU member states. Turkey's integration into trans-Mediterranean value chains in the Central Maghreb–West Africa corridor could provide a new context and new terms for a reset in in EU-Turkey relations.

For the EU to engage Turkey, the Union would need to first establish mechanisms to facilitate European investments in the Central Maghreb–West Africa corridor on a strategically significant scale to create local manufacturing that participates in European value chains. In the Algerian context, Italy's delivery deficit in developing higher value-added manufacturing facilities illustrates where the EU system facilitation of European partnerships could be beneficial. Although Italian energy major Eni enjoys an extensive relationship with Algeria's state-owned Sonatrach for the extraction and export of Algeria's hydrocarbon energy resources, Italy is not involved in enhancing Algeria's position in the hydrocarbon value chain through establishing petrochemical production plants in the country. As mentioned above, France's TOTAL formed a joint venture with Sonatrach to establish the STEP petrochemical production facility in 2018. Although Eni and TOTAL have increased their own cooperation in Algeria since 2018,[85] the lack of Franco-Italian cooperation in establishing Algerian petrochemical production is noteworthy.

Italy is similarly absent from Algeria's embryonic efforts to develop green energy manufacturing value chains. In 2018, Algeria's state-owned Elec El Djazair Group signed a memorandum of understanding with Italy's Fimer to be the lead foreign partner in Algeria's renewable energy development effort.[86] Algeria's drive for solar energy production creates the potential for the establishment of a photo-voltaic (PV) manufacturing value chain through the manufacture of solar panels for the Algerian market and wider regional markets in Africa. Despite Fimer's spearheading of Algeria's solar energy development effort, however, Italy has been conspicuously absent from Algeria's manufacturing value chain development in the PV solar energy sector. In January 2021, Algeria's Minister of Energy Transition and Renewable Energy issued a specific invitation to Italy to invest in Algerian manufacturing of equipment for the renewable energy sector.[87] The sole European foray into developing a PV value chain in Algeria is the French-Algerian joint venture Aurés Solaire. In 2017, France's Vincent Industrie, in partnership with Algeria's Condor Electronics, opened a 30 MW PV module production facility with a €10 million investment from Vincent Industrie, which also provided the plant's fully automated manufacturing line.[88] The lack of coordination between Italy and France, along with other leading European solar power developers such as Spain and Germany, points to the constructive role that the EU system can play in facilitating multilateral partnerships in green energy development in the Central Maghreb and in West Africa.

[85] Michaël Tanchum, "Libya, Energy, and the Mediterranean's New 'Great Game'", ARI 110/2020, Real Instituto Elcano, 23 September 2020, http://www.realinstitutoelcano.org/wps/wcm/connect/f1153fde-cb67-4cfa-9708-27cfe184ab29/ARI110-2020-Tanchum-Libya-energy-and-the-Mediterraneans-new-
[86] Joint Italian Arab Chamber of Commerce, "Algeria-Italia: Fimer-Elec El Djazair per fotovoltaico", n.d., https://jiac.it/blog/2018/08/02/algeria-italia-fimer-fotovoltaico/; *InfoAfrica*, "L'italiana Fimer ottiene contratto per impianti fotovoltaici in Algeria", 2 August 2018, https://www.infoafrica.it/2018/08/02/litaliana-fimer-ottiene-contratto-per-impianti-fotovoltaici-in-algeria/
[87] *InfoAfrica*, "Italia-Algeria, più cooperazione sulle energie rinnovabili", 28 January 2021, https://www.infoafrica.it/2021/01/28/italia-algeria-piu-cooperazione-sulle-energie-rinnovabili/
[88] Emiliano Bellini, "Aurés Solaire Commissions Algeria's Second Module Factory", *PV Magazine*, 25 April 2017, https://www.pv-magazine.com/2017/04/25/aures-solaire-commissions-algerias-second-module-factory/

Better coordination among the EU Mediterranean nations – particularly among France, Italy, Spain and Greece – is a prerequisite for the EU's North African outreach. In the Central Maghreb corridor in particular, increased Franco-Italian-Spanish coordination is of paramount importance. Spain's new *Horizonte África* (Horizon Africa) initiative to facilitate the operation of Spanish companies in Africa[89] could provide a platform for deeper cooperation among Spain, France and Italy. Germany, Europe's leading manufacturer and exporter whose firms maintain significant North African investments, can play a constructive role as a bridge partner for coordination through multilateral ventures or through EU institutions.

Automotive manufacturing is one of the key growth sectors for the Central Maghreb corridor. The EU can promote its objectives to combat climate change and encourage sustainable development in Africa by incentivising European EV and charging station manufacturers to open production facilities in Algeria, as well as in Tunisia. The EU could facilitate engagement between Turkey's TOGG group or other relevant Turkish entities and European firms to establish joint venture manufacturing of EVs, EV components and charging stations in Algeria.

The potential for German participation in the Central Maghreb corridor in this sector can be gleaned from German efforts in the Eastern Mediterranean to develop carbon-free mobility. The German-based electric vehicle manufacturer Next.e.GO Mobile[90] is establishing an EV manufacturing plant in Greece as a joint venture with Enterprise Greece, a state agency under the auspices of Greece's Ministry of Foreign Affairs. Investing over €100 million[91] to establish metal parts production sites and a final vehicle assembly plant,[92] Next.e.GO Mobile's production complex in Greece will employ about 1,000 people and support over 5,500 jobs indirectly.[93] In a similar manner, Volkswagen Group is engaged in a project to transition the Greek island of Astypalaia to 100% renewable power generation and electric vehicles.[94] In partnership with the Hellenic Republic, Volkswagen Group is investing approximately €20 million in the project, slated for completion in 2026.[95]

Volkswagen's Astypalaia project takes inspiration from the EU-funded Tilos Project,[96] inaugurated five years earlier, in 2015. With the EU financing 80% of the €13.7 million

[89] Nicholas Norbrook and Marie Villacèque, "Spain Launches Horizonte África to Increase Regional Presence", *The Africa Report*, 23 February 2021, https://www.theafricareport.com/67642/spain-launches-horizonte-africa-to-increase-regional-presence/

[90] Next.e.Go Mobile is now majority-owned by Netherlands-based ND Industrial Investment B.V.

[91] George K. Andris, "30,000 Electric Cars Will Be Manufactured in Greece Annually", *Greek City Times*, 16 December 2020, https://greekcitytimes.com/2020/12/16/cars-manufactured-in-greece/

[92] Anna Wichman, "Automobile Giant to Build Electric Cars in Greece", *Greek Reporter*, 16 December 2020, https://greece.greekreporter.com/2020/12/16/automobile-giant-to-build-electric-cars-in-greece/

[93] *Ibid.*

[94] Volkswagen, "Volkswagen Group and Greece to Create Model Island for Climate-Neutral Mobility", 4 November 2020, https://www.volkswagenag.com/en/news/2020/11/volkswagen-group-and-greece-to-create-model-island-for-climate-n.html

[95] Maurits Kuypers, "Volkswagen Transforms Greek Island into a Model for Electromobility", *Innovation Origins*, 9 November 2020, https://innovationorigins.com/volkswagen-transforms-greek-island-into-a-model-for-electromobility/

[96] European Commission, "Technology Innovation for the Local Scale, Optimum Integration of Battery Energy Storage", n.d., https://ec.europa.eu/inea/en/horizon-2020/projects/h2020-energy/storage/tilos

pioneering initiative,[97] the project is working to convert the Greek island of Tilos into an autonomous green energy zone in the Mediterranean, including carbon-free mobility, by powering the island entirely with state-of-the-art batteries recharged by wind and solar power.[98] The Tilos project stands as good example of how the EU system can function as an early adopter to spearhead initiatives that would contribute to the development of green energy manufacturing value chains anchored in the Central Maghreb. The EU could facilitate engagement between Turkish firms and European firms to establish joint venture manufacturing of solar panels and other components of solar power generation. Algeria is well-suited for hydrogen production, another EU green energy priority. The EU should take the lead in developing the newly emerging trans-Mediterranean hydrogen geographies by incentivising European-African joint ventures to produce hydrogen from renewable energy resources ('green hydrogen') in the Central Maghreb corridor. Existing Algerian-based trans-Mediterranean pipeline connectivity such as the Trans-Mediterranean ('Trans-Med') natural gas pipeline to Italy and the MedGaz pipeline to Spain may be used for hydrogen transport. Recently, Italy's transmission operator Snam and Italian steel maker GIVA Group successfully tested the use of a 30% hydrogen blend for powering furnaces for steel production in northern Italy.[99] Hydrogen production in Algeria could similarly benefit Turkey's in-country steel production, incentivising Turkey to facilitate the formation of a European-Turkish-Algerian joint venture investment in Algerian hydrogen production.

[97] Ilias Tsagas, "Greece's First Battery Storage System Under Way in the Aegean Sea", *PV-Magazine*, 25 April 2017, https://www.pv-magazine.com/2017/04/25/greeces-first-battery-storage-system-under-way-in-the-aegean-sea/
[98] Iliana Mier, "A Small Greek Island Will Become the First in the Mediterranean to Run Solely on Wind and Solar Power After Its Businesses Have Been Hindered by Blackouts", *Business Insider*, 19 August 2018, https://www.businessinsider.com/ap-renewable-resort-greek-island-to-run-on-wind-solar-power-2018-8#:~:text=The%20small%20Greek%20island%20of%20Tilos%20will%20be-come%20the%20first,the%20environment%20and%20attract%20tourism
[99] *Reuters*, " Italy's Snam in World First with Test of 30% Gas-Hydrogen Blend in Steel Forging", 19 May 2021, https://www.reuters.com/business/italys-snam-world-first-with-test-30-gas-hydrogen-blend-steel-forging-2021-05-19/

Conclusions

Turkey's growing manufacturing presence in Algeria and Senegal, respectively the Mediterranean and Atlantic coast gateways to West Africa, establishes a foundation for Turkey to build a Maghreb–West Africa commercial architecture. Turkey's focus on establishing African plants for the production of iron and steel, cement building materials, textiles and apparel, and furniture – sectors in which Turkey is competitive globally – have not proven to be suitable high-value-added sectors to create Turkish-led manufacturing value chains in which other international actors can integrate. The deficiency is exacerbated by Turkey's tendency to seek maximum vertical integration for its enterprises in Africa. Iron, steel and cement manufacturing seems to be focused on serving Turkish construction activities. Turkey's textile and apparel manufacturing facility in Algeria is itself almost entirely vertically integrated, and its furniture manufacturing in Senegal may be serviced by iron and steel inputs from Turkey's Algerian and Senegalese iron and steel works while receiving fabrics from Turkey's textile plant in Algeria. If Turkey promotes some form of extended neomercantilism that precludes its African partners from freely developing value chains by disincentivising non-Turkish companies from developing local African manufacturing sites, Turkey will ultimately lose economic ground in Africa and face a political backlash. The protective tariffs imposed in Morocco and Tunisia against Turkish textile and apparel exports should serve as a cautionary tale.

Turkey's economic outreach in Africa has primarily targeted former French colonies, exploiting simmering discontent with France and more recent dissatisfaction with Chinese goods and services. The persistence of Turkey's delivery deficit in establishing manufacturing value chains will likely lead Turkey to compensate by expanding its efforts to leverage defence cooperation in West Africa, primarily through weapons sales and military training, to deepen its economic relations – particularly in the Sahel region that borders Algeria and Libya. The expansion of Turkey's military presence in Africa could further inflame tensions between Turkey and France, and perhaps the EU more broadly. Under these circumstances, Turkey's emerging Central Maghreb–West Africa commercial architecture will reinforce dysfunctional divides among the six Mediterranean member states of the Union as well as exacerbating geopolitical fault lines across North Africa itself.

While Turkey's strength in manufacturing consumer durables, particularly white goods, may lead to Turkish firms establishing African production facilities for these products, Turkey needs to establish manufacturing value chains in which other international actors can integrate. By turning to Germany and other European partners to establish multilateral ventures in new sectors such as electronics and new technologies related to the green economy such as electric vehicles, batteries and solar panels, Turkey could expand to new manufacturing sectors and play a leading role in interregional Euro-Africa value chains. Multilateral joint manufacturing ventures in Africa could serve as a new win-win economic framework in which to reframe Turkey-EU relations.

Recommendations

- **Establish a Dialogue Forum to Facilitate Europe-Turkey Joint Venture Investments in the Central Maghreb Countries of Algeria and Tunisia**

The EU should create a dialogue forum in which relevant member state agencies and private companies can engage their Turkish counterparts to facilitate multilateral joint venture partnerships to invest in manufacturing in Algeria and Tunisia. Such partnerships could utilise commercial synergies and sectoral complementarities that already exist between Turkey and various EU member states. Turkey's integration into trans-Mediterranean value chains in the Central Maghreb–West Africa corridor could provide a new context and new terms for a reset in EU-Turkey relations.

- **EU-Turkey Electric Vehicle Manufacturing in the Central Maghreb**

Automotive manufacturing is one of the key growth sectors for Algeria and Tunisia. The EU can promote its objectives to combat climate change and encourage sustainable development in Africa by incentivising European electric vehicle (EV) and charging station manufacturers to open production facilities in Algeria, as well as in Tunisia. The EU could facilitate engagement between Turkey's TOGG group or other relevant Turkish entities and European firms to establish joint venture manufacturing of EVs, EV components and charging stations in Algeria and Tunisia.

- **EU-Turkey PV Manufacturing Value Chain in the Central Maghreb**

Algeria's drive for solar energy production creates the potential for the establishment of a photo-voltaic (PV) manufacturing value chain through the manufacture of solar panels for the Algerian market and wider regional markets in Africa. The EU should facilitate multilateral partnerships among member states, Turkey and Algeria for the manufacture of solar cells, solar panels and related components such as mounting systems.

- **EU-Turkey Hydrogen Production in the Central Maghreb**

Algeria is well-suited for hydrogen production, an EU green energy priority. The EU should facilitate multilateral partnerships among member states, Turkey and Algeria for the production of hydrogen in Algeria from renewable energy resources ('green hydrogen') for sale in North African, Sub-Saharan and European markets. Existing Algerian-based trans-Mediterranean pipeline connectivity such as the Trans-Mediterranean ('Trans-Med') natural gas pipeline to Italy and the MedGaz pipeline to Spain could be utilised as one form of hydrogen transport. Hydrogen could be used for Turkey's steel manufacturing in Algeria and for other green manufacturing in the Central Maghreb and West Africa. Within a power-to-x framework, hydrogen can be marketed to both Europe and Africa in the form of ammonia for fuel, fertiliser or pharmaceutical manufacturing.

- **Utilise Germany and Spain as Bridge Partners**

Germany and Spain, regarded as more neutral in Eastern Mediterranean affairs, may be well positioned to act as bridge partners when promoting EU-Turkey joint partnerships in the Central Maghreb and West Africa. Both countries are leaders in the solar energy and hydrogen sectors. Germany is also a leader in the production of electric vehicles. Spain's new *Horizonte África* (Horizon Africa) initiative to facilitate the operation of Spanish companies in Africa enhances Spain's ability to engage in multilateral ventures in the Central Maghreb and West Africa with other EU member states and Turkey. With Germany and Spain being able to spearhead the development green energy manufacturing value chains, both countries can engage both Turkey and more antagonistic EU member states such as France and Greece to help develop stakeholder interest in multilateral commercial cooperation between Europe and Turkey in the Central Maghreb and West Africa.

- **Enhance Coordination between the EU and the Union for the Mediterranean**

The Union for the Mediterranean (UfM) should be brought into coordination with efforts to create EU-Turkey cooperation in the Central Maghreb. The UfM can play a constructive role since Algeria and Tunisia are members along with Turkey and the 27 member states of the European Union.

- **Develop Joint EU-Turkey Investment Platforms in West Africa**

In parallel to developing multilateral joint venture partnerships in Algeria and Tunisia, EU member states and Turkey should develop platforms for multilateral joint venture partnerships to invest in manufacturing in West Africa.

List of Figures

Abbreviations

AQS	Algerian Qatari Steel
CKD	complete knockdown [kit]
ECOWAS	Economic Community of West African States
EU	European Union
EV	electric vehicle
GDP	Gross Domestic Product
MTA	Maden Tetkik ve Arama Genel Müdürlüğü [General Directorate of Mineral Research and Exploration]
MW	megawatt
PV	photo-voltaic
SKD	semi-knockdown [kit]
STEP	Sonatrach TOTAL Entreprise Polymères
TAYAL	Tay Group Algeria
TEN-T	Trans-European Transportation Network
TEU	twenty-foot equivalent units
TOGG	Türkiye'nin Otomobili Girişim Grubu [Turkey's Automobile Joint Venture Group]
UfM	Union for the Mediterranean

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