THE ALTAI UNION: A POTENTIAL CUSTOMS UNION BETWEEN TURKEY, CENTRAL ASIA AND SOUTH KOREA

BARIŞ CAN

BOĞAZİÇİ UNIVERSITY

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Barış Can

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Thesis Abstract

Barış Can, "The Altai Union: A Potential Customs Union

Between Turkey, Central Asia And South Korea"

The gravity shift from the West to the East will shape the twenty first century. China, the old dragon has finally awakened and has become an important actor in world economy and politics while the global crisis of 2008 has slowed down many developed countries' economies including the U.S.A., Japan and Europe. China and India, the most populous nations, have the most dynamic and fastest growing economies and are the major beneficiaries of free trade in Asia. However, they are also dependent on natural resources, especially oil. While the rise of China and India dominates Asia, existing resources of labor, capital, natural resources and knowledge among Turkey and the Central Asian States can be combined to form an union that may become a serious competitor in the region of East Asia.

This alliance, called here "the the Altai Union", between Turkey, Azerbaijan, Kazakhstan, Kyrgyzstan, South Korea, Turkmenistan and Uzbekistan, is proposed as a potential union which is backed up by historical, social and cultural connections in Asia. Considering that the the Altai states' share in total exports of Turkey is only 3 percent and Turkey's share in total the Altai states' imports is just 0.80 percent, Turkey has a great trade potential with these states if opportunities are created. Regular steps should be taken beginning with a "Free Trade Area" proceeded by a "Customs Union" and "Common Market" leading to a "Full Economic Integration".

The aim of the study is to investigate through bilateral relations, multilateral trade volumes, trade agreements, and sectors whether there exists a competitive advantage among candidate countries. Major trade partners and customs tariffs are analyzed and discussed to determine potential trade benefits with and without tariffs between Turkey and the the Altai states. Estimations regarding the results of this analysis indicate that Turkey's export volume to the the Altai states, which is currently about four billion US$ currently, can reach thirty-six billion US$ in a period of ten years. Within this, the the Altai Union can become a significant regional power, and a world giant in many fields such as mineral fuels, technology, tourism, agriculture, textile, electronics, machinery, ship building, plastics, rubber, glass, minerals, elements, energy, chemicals, ceramics, iron and steel, vehicles and military. Finally, the the gravity model is used to determine trade potential in terms of export, import and trade volume by size of the economy, distance and common language. Empirical results prove that the increase in Central Asia's GDP, elimination of language barriers and a transportation cost reducing project backed up with a strong internet-based infrastructure will highly increase export volumes.

Regarding every Altai state's different advantages, the conclusion reached was that, these states would become a giant economic power in the world with the efficient use of their competitive advantages and resources. This union would create a complete economic and political independence for these seven states after completing the proposed tasks.

Tez Özeti

Barış Can, "Altay Birliği: Orta Asya, Güney Kore

Ve Türkiye Arasında Olası Bir Gümrük Birliği"

Ağırlığın batıdan doğuya doğru değişmesi 21. yüzyılı şekillendirecektir. Yaşlı dragon Çin sonunda uyandı ve küresel kriz Avrupa, A.B.D. ve Japonya gibi gelişmiş ekonomileri yavaşlatırken, dünya ekonomi ve politikasında önemli bir oyuncu haline geldi. Dünyanın en kalabalık milletleri, Çin ve Hindistan, Asya'daki en dinamik ve hızlı büyüyen ekonomilere sahip olup serbest ticaretten en karlı çıkan ülkelerdir. Fakat, aynı zamanda petrol başta olmak üzere bir çok doğal kaynağa bağımlılıkları da bulunmaktadır. Çin ve Hindistan'ın bu yükselişi Asya'yı etkisi altına alırken, halihazırda olan işçilik, sermaye, doğal kaynaklar ve bilgi birikim gibi avantajlar, Asya'da ciddi rekabetçi bir konuma gelmek için Türkiye ve Orta Asya ülkeleri arasında kurulacak birlik için kullanılabilir.

Bu yüzden, "Altay Birliği" isimli Türkiye, Azerbaycan, Kazakistan, Kırgızistan, Güney Kore, Türkmenistan ve Özbekistan arasında kurulacak tarihi, sosyal ve kültürel bağlarla desteklenen, küresel ekonomiye uyarlanmış, modern bir birlik önerilmektedir. Türkiye'nin ihracatlarında bu ülkelerinin payının sadece %3 olduğu, bununla birlikte bu ülkelerin ithalatlarında Türkiye'nin payının sadece % 0.80 olduğu düşünülürse, Türkiye'nin bu ülkeler ile büyük bir ticaret potansiyeli bulunmaktadır.

Bu birliği kurmak için, "Serbest Ticaret Bölgesi" ile başlayıp "Gümrük Birliği" ve "Ortak Pazar" ile devam ederek "Tam İktisadi Bütünleşme" sağlanana kadar bir çok adım atılması gerekmektedir. Bu çalışmanın amaçlı aday ülkeler arasındaki ikili ilişkileri, karşılıklı ticaret hacimlerini, ticaret anlaşmlarını ve rekabet edebilir üstünlüklerinin bulunduğu sektörleri araştırmaktır. Önemli ticaret ortakları ve gümrük tarifeleri incelendikten sonra bu tarifeler hesaba katılarak ve katılmayarak, iki farklı şekilde de, Türkiye'nin Altay devletleri ile ticaret potansiyeli belirlenmeye çalışılmıştır. Tahminlerin sonucunda, Türkiye'nin mevcut durumda bu ülkelere yaptığı 4 milyar dolarlık ihracatın 36 milyar dolara, on senelik bir zaman zarfında çıkması mümkündür. Ayrıca Altay Birliği önemli bir bölgesel güç konumuna gelmenin yanı sıra, petrol, teknoloji, turizm, tarım, tekstil, elektronik, makine, gemi yapımı, plastik, kauçuk, cam, mineraller, elementler, enerji, kimyasallar, seramik, demir-çelik, araç ve askeri konularda bir dünya devi haline gelebilmektedir. Son olarak, ithalat, ihracat ve ticaret hacimleri, ülkelerin büyüklüğü, uzaklığı ve dili göz önüne alınarak ticaret potansiyelini belirlemek amaçlı bir ağırlık modeli uygulanmıştır. Deneysel sonuçlar Orta Asya'daki GSYİH artışı, dil farklılıklarının ortadan kalkması ve güçlü bir internet altyapısıyla desteklenen taşıma maliyetlerini aza indirecek bir projenin ticaret hacimlerini fazlasıyla arttıracağını göstermiştir.

Her Altay ülkesinin farklı üstünlükleri göz önüne alınarak, bu ülkelerin kaynaklarını ve öne çıkan üstünlüklerini verimli kullandıkları takdirde dünyada dev bir iktisadi güç haline gelecekleri sonucuna varıldı. Bu birliğin önerilen projeleri tamamladığı takdirde iktisadi ve politik olarak tam bir bağımsızlığa ulaşacakları öngörüldü.

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To all Turks living around the world, to my beautiful nation…

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ABBREVIATONS

AZ	Azerbaijan
KZ	Kazakhstan
KG	Kyrgyzstan
SK	South Korea
TR	Turkey
TU	Turkmenistan
UZ	Uzbekistan

CHAPTER 1

INTRODUCTION

China, the old dragon has finally awakened and has started to change the world order while global crisis has been putting the USA and Europe into disarray. Those events and the unstoppable rise of China who owes this success to her economic reforms, consciousness and correct adaptation of past examples in the world, created the need of investigating the possibilities for Turkey to join or form a union taking part in global economics and politics.

Therefore, a new community, called "the Altai Union" is suggested, including Turkey, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan and South Korea. Five Central Asian states above are transition economies possessing high natural resources but lacking economic background. Besides, these states which are culturally and historically linked to Turkey, are considered a potential market by China.

The main aim of this paper, is to prove the trade potential of Turkey with these the Altai states. Historically influenced and controlled by Russia, Central Asian states will have to make a choice between Turkey and China in the new world order where every country takes a part in a community.

Reason of South Korea's inclusion is that Turkey's completion of this difficult task on her own is not easy, therefore South Korea, who is a proven industrial and technological giant in the world, will surely compensate for the disadvantages of the other the Altai states.

In order to establish this union, a lot of facts and data should be taken into account. Therefore, bilateral political relations followed by the structural and economic outlook of candidate countries will be analyzed first. Then, the investigation will continue with the analysis of the international trade among these members including their trade agreements, multilateral trade volumes and sectors. Another important step is the analysis of the competitive advantages of each of the Altai states which will prove their significant sectors in the world.

Customs tariffs applied by each of the Altai states against other members will be presented and this will lead to the chapter of Turkey's export potential in the Altai Union. Two approaches will be made including and excluding tariffs, and targets will be set up for both. Therefore, the short term and long term targets for Turkey's trade volumes will be estimated.

As a backup project, steps of economic integration starting with the customs union will be indicated, followed by the Altai Rail Project and the creation of three new world trade cities.

An empirical study by using the "the gravity model" will be supporting these projects starting by a literature survey, data and methodology, expectations regarding the determined effects and their results. Regarding the results obtained, various recommendations will be made in the conclusion chapter.

This study will present Turkey's opportunities by creating a mutually beneficial alliance with these countries. These states which don't have a remarkable power in the world, will become an important player in the world economy and politics.

Considering that Turkey's exports to other the Altai states could only take a share of 3.03 % in total exports of Turkey and in return this export ratio of Turkey could only be 0.80 % of other the Altai states' total imports, Turkey is going to have a lot of opportunities by forming this union.

As a result of the study, considering the members as a whole, the Altai Union becomes a significant Regional Power, and a world giant in many fields like mineral fuels, technology, tourism, agriculture, textile, electronics, machinery, ship building, plastics, rubber, glass, minerals, elements, energy, chemicals, ceramics, iron and steel, vehicles and military.

CHAPTER 2

BILATERAL POLITICAL RELATIONS

The collapse of the Soviet Union in 1991 has created a new world order and has become a milestone for Turkey's foreign policies. Turkic origined states like Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan have gained independence and have mostly expected Turkey to make an approach. Unfortunately, Turkey could never use this collapse for her own advantage and those countries were left alone into the hands of Russia, the USA and China. Especially, the influence of Russia is still being felt heavily at every political, social and cultural level of those countries.

Turkey's policy of being a member of the EU, corruptions, global and local crisis, lack of awareness, terror problems, inferiority complexes, economic weakness and dependence blocked her way towards "World Leadership", therefore Turkey could only be stated as a "Regional Power" in the Middle East.

Meanwhile, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan were the luckiest ones considering other Turkic states like Tatarstan who couldn't gain their independences from the Russian Federation. The economically weak Soviet Union couldn't support communism and declared that they cannot feed that population anymore, but kept on occupying some Turkic states.

According to Russian policies made more than a century ago and which are still highly effective; Turks in Central Asia should forget their origin, religion, alphabet, traditions and the most important of all; language.

For a moment, let's assume that Turkey faced the same experience. Mustafa Kemal wouldn't have taken over and Turkey had been left under English occupation. The name "Turk" becomes forbidden and people are called "Anatolians". The Turkish language is forgotten and forbidden, and English is the only official language. The minority of people left speaking Turkish are considered to be ignorant villagers and English speaking people are the high class. Mosques are destroyed, praying is forbidden. The real history of Turks is forbidden and modified according to great English heroism. Traditions and ethics have completely changed because of cultural influences.

Now, let's separate Turkey in five parts, change her alphabet, place foreigners in key positions, control the media, exploit all of her economy, dismiss her army and add merciless communism. So, this will be the general picture of what happened in Central Asia.

The first answer to the question of why these countries are selected is the common thread the countries have with Turkey. Turkey and those states are historically and culturally linked and share the same genes.

In the last three decades, many countries form unions as they need to act together economically and politically. Many unions around the world were formed, but Turkey could never become a part of any union or attempt to establish one.

In order to establish a strong union, member states must be economically well-linked. If not, this would just be a union on paper. The Russian Federation, who has learned this strategy well, formed a union called the Commonwealth of Independent States (CIS). The members would think that they are a part of a political

and economic union as independent states. But this has never been true. Exploitation continued and it has become something similar to a modern the Soviet Union. Nevertheless, a Customs Union have never been signed between the CIS countries and the CIS could never have political power in international relations.

In order to create a beneficial economic union, the first step is to establish a Customs Union backed up by strong bilateral political relations among these countries, thus possibilities will be revealed as the economic data is investigated. Cultural effects should be taken into account too.

So what are the other reasons to select those countries? Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan are five Asian neighbor which have states rich resources, speak the same languages, are historically and culturally connected, have strong political stability and young population. Undeveloped places of opportunities such as a talented football player who just needs to be trained well, to be playing on the right team and to be motivated for a win-win situation.

Past mistakes have been made and the past is over. Those states are destined to be united wisely, in order to have benefits from each other and power against rival states. Or in short, they will not be exploited anymore.

"*Zhong guo*" means "Center State" in the Chinese language. The Chinese people called their state as such for thousands of years. In theory, it means China is the central, middle state of the world and civilization. The old dragon has finally awakened after she has united. The keys to success for a nation include several disciplines. Those are unity or being united, taking advantage of past successes and

mistakes, knowing who you are, strong political stability and the adaptation of economic models for your own country or creating new ones. The wise Chinese nation who knows their history very well, started to take over the world economically and then politically while the USA and Europe are getting into their collapse period. First, unity was needed; it was established by Mao Zedong. Then with the collapse of communism, new economic policies were structured and an export strategy was developed which made China number one in the world. The neighboring states could be the first countries with which China may establish a customs union.

Parallel to China, Turkey also has many opportunities with those states in terms of their labor force, innumerable resources and growth rates. The potential benefits of a customs union among those countries and Turkey will be investigated in this study. As a first step, the existing bilateral relations and relations among those countries will be analyzed.

The first candidate country for the Altai Union is Azerbaijan, a Turkish speaking neighbor. Azerbaijan has become closer to Turkey rather than Russia as she has suffered a lot during and after Russian pressure and occupation. Especially the Khojaly massacre made by Armenians, supported by Russians and the occupation of Karabakh by Armenian forces escalated hate against Russia. Turkey's decision of finishing all diplomatic and economic relations with Armenia made two states closer to each other. The ex-President of Azerbaijan, Ebülfaz Elçibey's phrase "two states, one nation" could explain the situation better. Turkey sees Azerbaijan as "the most important partner" and supports Azerbaijan in trade, commerce, finance, technology, academics, military, sciences and Diaspora.

As well as supporting the ongoing blockade against Armenia, due to their linguistic and cultural connections, Turkey and Azerbaijan have started to create close economic partnership. Co-operating with the Georgia, Baku-Tbilisi-Ceyhan pipeline and the Kars-Tbilisi-Baku railway were built in order to become key players in Europe's energy lines and taking Armenia out of the game.

Military cooperation began officially in 1992 working on military education which has later resulted in a joint military facility in June 2010, with the agreement signed by the Azerbaijani military company Azersimtel and the Turkish Mechanical and Chemical Industry Corporation (MKE) (Times Armenia, 2010).

Within this, Turkish Defense Minister Vecdi Gönül stated that Turkish military support to Azerbaijan has increased to $200 million by 2010 (Apa, 2010). In addition to that, they have become the guarantor for each other against an attack by third forces (ABC, 2010).

In 2009, a political conflict took place as US President Barack Obama announced that the Turkey-Armenia border could be reopened. This caused a discomfort in the Azerbaijani people and many debates took place in the Turkish Parliament. However, political relations were recovered with the agreement on establishment of the Turkey-Azerbaijan High-Level Strategic Cooperation Council. After the ceremony, President Aliyev stated that it had been a historical day and happily announced that Turkey had always stood by their side (World Bulletin, 2010). Nowadays, Turkish television series are very popular on Azerbaijan television and this has eradicated even the slightest language barriers. Turkish products are preferred by consumers and Turkish constructors are very active in construction projects in the Baku and Nakhcivan areas.

The second potential country of the Altai Union, Kazakhstan, was recognized by Turkey on the same day she gained independence from the Soviet Union in 1991. Since then, Turkish and Kazakh governmental relations have been politically stable at the international level. President Nursultan Nazarbaev was the first leader who proposed a Central Asia Union with a common market and a single currency (UzReport, 2005). Moreover, President Nazarbaev signed an agreement to create an "International Supreme Council" with Kyrgyzstan which was a milestone for a union (IPS, 2007). Turkey accepts the leading role of Kazakhstan in the region as well as in the potential union. Like in Azerbaijan, construction has been the main investment sector for Turkish companies and the Kazakh government increased employment quotas for Turkish workers (Yermukanov, 2006).

With Russian propaganda, many Kazakh people have never accepted their Turkic origin. As a result of this, many Turkish workers were beaten to death, but both governments reacted calmly assuring that those events would not affect the relations between two states. the Russian Federation has always tried to prevent both states of getting closer as Kazakhstan has the most important role in Central Asia.

The main reason for Russian dominance in Kazakhstan is the high Russian population located there. By 1979, Russian population was around 5,500,000 which makes almost 40 % of the total population. Those people were inserted by Moscow mostly as workers participating to Soviet industry of coal, gas and oil. President Nazarbaev did his best to preserve peace between ethnicities however the Russian population declined to 4,500,000 which makes around 30 % of the total population. The Russians who chose to stay are still very active in economic, public and military life of Kazakhstan (BBC News, 2005).

The option of constructing an oil refinery on the Black Sea with Turkey is considered at the moment while Kazakhstan tries to become more independent from Russia in her energy resources. Turkey's membership request for the EU has been supported by Kazakhstan, while in return, Turkey supported Kazakhstan for World Trade Organization membership (Yermukanov, 2006).

However economic activities and investments should increase with the efforts of both sides. Turkish investments could never reach 10 % of the American companies' investments in Kazakhstan. This will help both states to advance their economies while becoming more independent in the region.

The third candidate country of the Altai Union, Kyrgyzstan can be seen as the most democratic state in Central Asia. Not governed by an authoritarian regime, the Kyrgyz Republic was the first state in Central Asia to join the World Trade Organization. Turkey was the first to recognize her fellow's independence and has provided medical, humanitarian and alimentation support since 1991. Student exchange has been a significant improvement like in the other Turkic states.

Kyrgyzstan has always been open to foreign investment, administerial reforms, multinational organizations' supports and currency conversions. Within this, the low cost of labor, the right to apply European Human Rights Court, the low prices of energy and the lack of sectoral industries are the main causes of attractiveness for Turkish or other foreign investors. Also, Kyrgyzstan owns the only Free Zone in Central Asia, following Turkey's footsteps.

In addition to the Russian minority living in Kyrgyzstan, there are also Ahıska Turks (Meskhet Turks) which have encountered ethnic tension, especially in

2010. With Russian propaganda again, some Ahıska Turk villages were looted by Kyrgyz locals. But these developments could never shadow close relations between these two countries. Today, the biggest problem towards the union can be the lack of consciousness of Kyrgyz people about their Turkic origins.

In February 2011, Prime Minister of Turkey, Mr. Recep Tayyip Erdoğan visited Kyrgyzstan and was welcomed by Kyrgyz Prime Minister Almazbek Atambaev as *ağabey* (older brother). This official visit improved the bilateral relations of two states.

A descendant of Oghuz tribes, Turkmenistan, the fouth candidate of the Altai Union, has always been very close to Turkey by all means. Led by Turkmenbashy family, Turkmenistan did not want to join CIS and wanted to get over the Russian influence. The ex-president of Turkey, Mr. Turgut Özal's visits were important steps in both states' relations. After the Özal period, Turkey's ignorance in foreign relations with Turkmenistan affected bilateral relations. The preference of Russia over Turkmenistan in gas projects and the inappropriate behavior of Turkish investors in Turkmenistan accelerated this negative impact on bilateral relations. At that time, Turkey chose Russian gas in the 1990s even though Turkmen gas was cheaper.

Until the 2000s, the Turkmen government dealt with the reconstruction of the state and was not very active in foreign relations. After the death of the President Niyazov Turkmenbashy in December, 2006; Gurbangulu Berdimuhammedov became the President of the Republic. Since then, relations with Turkey have been getting better. Exchanges programs for students, booming construction sector led by Turkish companies and national consciousness of Turkmen people have made the

relations far better. While nearly all of the buildings are Turkish made, Turkish food and textile products are preferred and are perceived as high quality.

Turkmen immigrants are mostly visiting Turkey and some of them try to settle down without official permit, but this is the result of undeveloped economy in Turkmenistan and high unemployment rate. Turkmenistan is a relatively closed economy and society compared to other countries in the region. As an indicator for openness, if the interest use is taken into account, only 70,000 users exist out of 5.5 million people in Turkmenistan (Index Mundi, 2011).

Both sides have many things in common but relations just need to be improved with economic projects and cultural exchanges which also include tourism. The "One nation, two states" phrase is also valid for Turkey and Turkmenistan.

Uzbekistan is the fifth candidate for the Altai Union and has the largest population of Central Asia with twenty-six million. The country is culturally very similar to Turkey but has the worst bilateral relations. Mr. Islam Kerimov, the President of Uzbekistan, who were crying of happiness in Ankara when their independence was first recognized by the Turkish government (Ülkü, 2002), didn't even attend the 8th Meeting of Turkic Speaking States in November, 2008. Since 1991, many reciprocal visits have been realized in both the political and the military realms. In 2002, during the visit of General Hüseyin Kıvrıkoğlu, an agreement for a donation of 1.2 million USD for various military equipment has been signed with the Minister of Defense, Kadir Gulamov and Uzbek forces have been trained by Turkish specialists (Kadiroğlu, 2008). This has been just one of many agreements signed on military, political, economic, environmental, security, health and aviation issues.

Turkey and Uzbekistan have old civilizations and linguistic differences are minimum when compared to Kazakhstan and Kyrgyzstan. However, bilateral relations deteriorated after 1994 due to Russian influence. It all began with the opponent of Mr. Islam Kerimov, leader of the Erk Party, Mr. Muhammed Salih, who left his country and moved to Turkey. This stopped the student exchanges between the two states.

Mr. Kerimov stated his intention several times during his visits to Turkey. In December 1991, he mentioned his state's need for Turkish support, his admiration for Atatürk and his fundamentals, his wish for an economic union and Turkic Common Market (Kadiroğlu, 2008). In addition Mr. Salih's immigration to Turkey; during Andican events in 2005 when many Uzbek locals were killed by governmental forces, Turkey also backed up the EU's report criticism of human rights in Uzbekistan. But Uzbekistan didn't hurt relations with Turkey only, the USA and the EU relations have also been troubled. As a result, the USA lost a military base in Uzbekistan. Due to the lack of Turkey's Central Asia policy, a stable relation has not been established.

Despite the similarities in culture, history, religion and language, Turkey could not achieve stable bilateral relations with those countries. On the other hand, the Russian influence still continues. Turkey should design international policies towards these countries to create more cooperation in terms of economic, social and cultural activities.

South Korea can be also included in the Altai Union as a potential strong candidate in the region because of several reasons. The Korean language belongs to the Ural-Altai family and grammatically, Turkish and Korean languages have many

similarities. Many Koreans believe that Turks and Koreans carry the same Altai racial genes (Kim, 2002).

In addition, the historical ties of Turkey and South Korea go back to 1950-1953 when South Korea was heroically defended by the Turkish Brigade of 4,500 soldiers named the "North Star". Turkey was the first nation to declare support for South Korea after the USA. Heroic Turkish defenses and attacks against the very crowded Chinese and North Korean communist armies while US Forces were escaping on the battlefield, changed the direction of the war. South Korea's capital Seoul was liberated by the Turkish army in 1951 and 1953 (Can, 2011).

South Koreans have never forgotten their Turkish fellows and named them the "brother nation". For decades, both states have been very close to each other, have shown their support in various fields and have not been applying a visa against each other. Diplomatic, military, cultural, economic, medical and personal relations have been at the highest level and South Koreans have been much warmer to Turkish people than the Central Asians have been.

The ex-Ambassador of Korea in Ankara, Mr. Chang Yeob Kim, stated that South Korea's best friend in the world is Turkey and that Koreans see Turkey as their second home (Yeni Şafak, 2007). And it is possible to see Korean made metros in Istanbul and Ankara. The Taksim-Levent trains were purchased from the famous Korean company, Hyundai.

In 2010, as it was the 60th year of the Korean War, the Turkish President of the Republic, Mr. Abdullah Gül made an official visit and was warmly welcomed by Korean officials and people (TRT Haber, 2010). In return, the Korean President of

Republic, Mr. Lee Myung-Bak visited Ankara and had a meeting with Turkish Prime Minister. Both sides were very warm to each other (Haber 7, 2010).

Turkish people who were not familiar with Korea, had a chance to see Korean affection towards Turks during the World Cup 2002. Emotional moments were experienced while Korean supporters were carrying Turkish flags and honored heroic Turkish soldiers who sacrificed their lives.

Since 1972, many agreements have been signed on culture, visa exemption, air transport, promotion of trade, avoidance of double taxation, cultural exchange program, scientific exchange program, tourism, protection of investments, mutual assistance in customs matters and military intelligence (MFA, 2011).

For the production of the Altai Tank by the Turkish army, South Korean high technology has been used. South Korean XK-2 Black Panther with a re-designed Turkish turret and Aselsan's modular fire control system have been utilized for establishing the new forces of the Turkish army (TR Defense, 2010).

Finally, South Korea, the Asian tiger, is surrounded by China, Japan and North Korea. These neighbors occupied South Korea for many years in the past and South Korea does not have a close neighbor that she can rely on politically and socially. On the other hand, Turkey and South Korea has always had close relations, and technologically and industrially advanced Korea has a lot to share with Turkey.

Azerbaijan, Kazakhstan, Kyrgyzstan, South Korea, Turkey, Turkmenistan and Uzbekistan; these seven states are chosen in this thesis as the candidates of the Altai Union. If European states who were attacking each other for centuries, speaking different languages and possessing different races, could even pass to single

currency today even though they have an old population and low natural resources, why Turkey cannot create a union with her fellows carrying the same genes, speaking similar languages, having a young population with rich natural resources?

The following chapter provides the demographic, economic, technological and business background for these potential candidates and compares the current situation in these countries.

CHAPTER 3

STRUCTURAL AND ECONOMIC OUTLOOK OF CANDIDATE COUNTRIES

Economic, demographic, technological, educational, research and development, military and business environment parameters will be analyzed and compared in this chapter. Starting with demographics like populations, labor forces, employment and unemployment rates, our chapter will continue with economic data including GDP, GDP per capita, growth rates, GDP compositions, inflation rates, exchange rates, investments, public debts, external debts, current account balances, foreign exchange and gold reserves, flows of foreign direct investment. Then, technological and military parameters will be given followed by oil and gas reserves, imports and exports. Finally, the business environment will be analyzed and compared for all seven candidates of the Altai Union.

As the first demographic indicator, population of the Altai states is presented in Table 1. Population is an important indicator parallel to future plans, investment attractiveness, sectoral developments, military force and employment opportunities.

Table 1. Population of the Altai states 2005-2009

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	7,911,974	15,185,844	5,146,281	48,640,671	69,660,559	4,952,081	26,851,195
2006	7,961,619	15,233,244	5,213,898	48,846,823	70,413,958	5,042,920	27,307,134
2007	8,120,247	15,284,929	5,284,149	49,044,790	71,158,647	5,097,028	27,780,059
2008	8,177,717	15,340,533	5,356,869	48,379,392	71,892,808	5,179,571	27,345,026
2009	8,238,672	15,399,437	5,431,747	48,508,972	76,805,524	5,353,887	27,606,007

Note. Data retrieved from Index Mundi (2011)

Turkey takes the lead with a population of 76 million people followed by Korea with 48 million. This proves that Turkey has the most important role in the Altai Union. Within this, Uzbekistan is the most populous country of Central Asia (27 million), followed by Kazakhstan (15 million). Finally, Azerbaijan (8 million) followed by Kyrgyzstan and Turkmenistan are the least populous states of the Altai Union.

The total population of the Altai Union is compared with other significant states or unions in Table 2.

Table 2. Total Population of the Altai states Compared to Others (2009 Only)

Altai	China	The USA	Russia	India	the EU	Japan
187,344,246	1,338,612,968	307,212,123	140,041,247	1,166,079,217	491,582,852	127,078,679

Note. Data retrieved from Index Mundi (2011)

The Altai Union stands outnumbered against the surrounding states, especially China and India. Countries whose population are not remarkable when separated, can obtain the chance of having importance in the international arena after establishing a union. For example, the rights of Turkmenistan with a small of population of 5.3 million people will be represented by a community of 187 million people. Population is also important for the military power of a country. Therefore, small members with small armies will have the chance of being protected against threats.

Parallel to population, the labor force of the Altai states is given in Table 3. For economic projects to be developed in the future, labor force gains importance. Investing companies, foreign and local, will be analyzing labor force data.

Table 3. Labor Force of the Altai states

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	5,090,000	7,950,000	2,700,000	22,900,000	25,300,000	2,320,000	14,640,000
2006	5,450,000	7,850,000	2,700,000	23,530,000	24,700,000	2,320,000	14,260,000
2007	5,191,000	7,834,000	2,700,000	23,770,000	24,800,000	2,320,000	14,440,000
2008	5,243,000	8,229,000	2,700,000	24,220,000	23,530,000	2,089,000	14,600,000
2009	5,782,000	8,412,000	2,344,000	24,350,000	24,060,000	2,300,000	15,370,000

Note. Data retrieved from Index Mundi (2011)

The total labor force of the Altai states is around 80,000,000 people with Turkey's lead followed by Korea and Uzbekistan. Surprisingly, Turkey and South Korea have nearly the same labor force although Turkey's population is much higher. That's because Turkey's population under 18 is around 35-40 %. (Invest, 2011). Thus, the labor force of Turkey is expected to rise dramatically in 10 years.

If the labor force is not used correctly, unemployment rate can augment. Unemployment ratios are given in Table 4.

Table 4. Unemployment Ratio of the Altai states (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	1.20%	8.00%	18.00%	3.60%	9.30%	60.00%	0.60%
2006	1.10%	8.10%	18.00%	3.70%	10.20%	60.00%	0.70%
2007	1.20%	7.40%	18.00%	3.30%	10.20%	60.00%	3.00%
2008	1.00%	7.30%	18.00%	3.30%	9.90%	60.00%	0.80%
2009	0.80%	6.60%	18.00%	3.20%	10.70%	60.00%	1.00%

Note. Data retrieved from Index Mundi (2011)

Table 4 presents the misery and corruption in Turkmenistan which force people to quit the country and look for jobs as refugees. There can be many possible job opportunities due to new Altai projects. Same applies for Kyrgyzstan with a low population and high unemployment. Azerbaijan and Kazakhstan seem fine but Uzbek

people which seem to be one of the best in the list are employed with very low wages. Minimum wages are going to be given in the following pages.

Regarding Turkey, the highest population and an unemployment of 10.70 % proves why Korea can export three or four times more than Turkey does. Unemployment can be diminished by creating job opportunities in local economies with joint projects.

As given before, Turkey's current labor force was lower than expected. In order to find an answer for this problem, Table 5 gives employment to population ratio for both genders.

Table 5. Employment to Population Ratio, Both Genders (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	58.60%	62.40%	57.70%	58.60%	43.30%	58.20%	55.90%
2006	59.00%	62.30%	57.80%	58.60%	43.10%	58.00%	56.30%
2007	60.50%	63.60%	58.20%	58.30%	42.40%	58.30%	57.10%
2008	60.00%	63.50%	58.30%	58.10%	42.30%	58.30%	57.50%

Note. Data retrieved from Index Mundi (2011)

As presented, Turkey's employment to population ratio is much lower compared to other the Altai states (42.30 %). One reason for this problem is the under 18 population which is high especially compared to Europe.

Moreover, to find another answer to that question, employment by gender is analyzed in Table 6.

Table 6. Employment to Population Ratio, Men (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	62.80%	69.10%	68.30%	70.00%	64.50%	63.40%	60.90%
2006	63.20%	68.90%	68.40%	69.80%	64.10%	63.10%	61.40%
2007	64.90%	70.30%	69.20%	69.80%	63.20%	63.20%	62.30%
2008	64.50%	70.30%	69.40%	69.50%	63.00%	63.20%	62.70%

Note. Data retrieved from Index Mundi (2011)

The employment of men is similar in each Altai state and is not lower than 62 %. Kazakhstan, Kyrgyzstan and Korea have the highest ratio with 69-70 %.

More interesting results are expected for the employment of women in the Altai states (Table 7). Country's education level can be determined by the women employed. Mostly, in societies with low education levels, women cannot find the chance to be employed.

Table 7. Employment to Population Ratio, Women (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	54.90%	56.50%	47.80%	47.80%	22.20%	53.30%	51.10%
2006	55.20%	56.60%	48.00%	48.10%	22.20%	53.10%	51.40%
2007	56.40%	57.90%	48.00%	47.50%	21.70%	53.60%	52.20%
2008	55.90%	57.70%	47.90%	47.30%	21.70%	53.70%	52.50%

Note. Data retrieved from Index Mundi (2011)

These ratios are not determined by deducting the unemployment rate from the total population and include children and old people, as well. The most significant ratios come from Turkey. Only one woman out of five is employed in Turkey. These values happen mostly from unofficial workers of agriculture and textile, low rates of education and husbands who do not give their wives the permission to work. This proves the lack of education in Turkey. Women participating in business life are expected to increase welfare.

Employment ratios create the question of wages in each country. Minimum wages presented in Table 8 are other important indicators of countries' basic welfare.

Table 8. Minimum Wages per Month in the Altai states, 2010

Country	Local	USD	Euro
Azerbaijan	75 Manat	$94.72	€ 65.78
Kazakhstan	10,515 Tenge	$72.34	€ 50.24
Kyrgyzstan	340 Som	$7.20	€ 5.00
South Korea	739,800 Won	$680.61	€ 472.65
Turkey	796 Lira	$526.31	€ 365.49
Turkmenistan	330 Manat	$115.87	€ 80.47
Uzbekistan	25,040 Som	$14.85	€ 10.31

Note. Data retrieved from Wikipedia (2011)

The minimum wages ranging between 5 and 10 Euros per month in Kyrgyzstan and Uzbekistan are indicating the poverty in these states. These rates have been increasing since 2000, of course. As a result of the Altai Union, minimum and average wages are expected to increase. Turkey and Korea must consider this labor as an advantage and every member of the nation should reach much higher levels. Wages in Turkey are also low compared to European states.

As a welfare indicator, GDP presented in Table 9 follows wages. Gross Domestic Product is the market value of all final goods and services produced within a country in a selected time period.

Table 9. Gross Domestic Product by Purchasing Power Parity (PPP), billion US$

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	38.376	131.765	8.887	1,096.741	747.326	20.353	51.549
2006	53.297	150.616	9.461	1,191.112	824.864	23.412	57.220
2007	68.582	168.848	10.567	1,288.776	888.785	26.897	64.500
2008	77.649	178.059	11.705	1,347.206	914.190	30.370	71.842
2009	85.648	181.814	12.084	1,362.214	879.319	32.530	78.373

Note. Data retrieved from Index Mundi (2011)

South Korea takes the lead with 1,362 billion US$ in 2009, that makes the Korean economy seven or eight times bigger than Kazakhstan's, forty times bigger than Turkmenistan's and hundred and twelve times bigger than Kyrgyzstan's. It is also possible to comment that Turkey's economy cannot be successful enough in this difficult task on her own without South Korea. Economic integration towards a complete union is only possible with the strong economies of all sides. The stronger parties should be able to take advantage of lower-income parties for investments based on cheap labor costs, without exploiting the country. The expected increase of GDP after the creation of the Altai Union, should provide a positive impact on the welfare of each Altai state.

GDP itself is not the only indicator of welfare, therefore GDP per capita has to be analyzed as well (Table 10).

Table 10. Gross Domestic Product per Capita (US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	4,455.83	8,732.05	1,729.03	22,783.23	11,005.80	4,051.17	1,952.03
2006	6,120.93	9,782.14	1,820.65	24,662.13	12,106.67	4,586.62	2,138.36
2007	7,791.52	10,867.48	2,011.39	26,596.62	12,900.76	5,186.34	2,374.22
2008	8,727.66	11,448.86	2,203.73	27,716.29	13,123.88	5,763.91	2,607.40
2009	9,540.44	11,678.61	2,250.30	27,938.22	12,465.94	6,076.55	2,807.94

Note. Data retrieved from Index Mundi (2011)

A Korean citizen earns more than double a Turkish one. And a Turkish citizen earns six times more than a Kyrgyz does. However, Kazakhstan has nearly caught up with Turkey, and Azerbaijan is on the rise. These values are just averages, and considering the income inequalities in post-Soviet states, poverty is more than expected.

However, these rates are constantly increasing for all the Altai states. GDP real growth rates are presented in Table 11.

Table 11. GDP Real Growth Rate (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	9.80	9.10	6.00	4.60	8.20	7.50	4.40
2006	26.40	9.50	-0.60	4.00	7.40	6.00	7.00
2007	34.50	10.60	2.70	4.80	5.30	6.00	7.30
2008	23.40	8.50	8.20	5.00	4.50	11.50	9.50
2009	10.80	2.40	7.60	2.20	1.10	10.50	9.00

Note. Data retrieved from Index Mundi (2011)

For many years in a row, Azerbaijan was selected the state with the highest growth in the world with those incredible growth rates. The global crisis of 2009 should not be taken into account and will mislead the research, but regarding the previous years, the growth rates of Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan are hopeful. Turkey and South Korea have been facing stable growths but Kyrgyzstan seems a bit corrupted.

However, these growing states should take into account the fact that their growth is dependent on their oil and gas resources and world prices. The depletion of oil and gas, as well as new technologies or resources will highly affect their

economies if industrialization in other sectors is not realized. This would also lower the income inequality.

Another important fact is the source of these GDP levels. Table 12 indicates the composition of GDP values by sectors.

Table 12. GDP Composition by Sector (%)

Sector	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
Agriculture	5.50	5.40	24.60	3.00	8.80	10.20	21.20
Industry	61.40	42.80	25.00	39.40	25.70	30.00	32.30
Services	33.10	51.80	50.40	57.60	65.50	59.80	46.40

Note. Data retrieved from Index Mundi (2011)

As indicated in Table 12, Azerbaijan's industrialization and Turkey's service sectors attract the most attention. But those industries have to be diversified in different sectors. Within this, data shows that Kyrgyzstan is still a highly agriculture based country. The industrialization of Korea, which will be analyzed in following chapters, is a perfect example for the other Altai nations.

The success of Turkey's service sector is dependent on tourism. Turkey has a lot of knowledge to share with other Altai nations in this field.

The GDP growth rate is parallel to the industrial production growth rate. Industrialization is a remarkable indicator for the economy. Table 13 presents industrial production growth rates of the Altai states.

Table 13. Industrial Production Growth Rate

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	4.00%	10.60%	6.00%	10.10%	16.50%	22.00%	6.20%
2006	40.00%	4.60%	7.10%	5.90%	5.90%	22.00%	7.70%
2007	50.00%	7.70%	-4.50%	8.00%	5.50%	22.00%	10.80%
2008	25.00%	7.20%	9.30%	5.50%	5.40%	10.30%	12.10%
2009	6.00%	2.40%	10.70%	2.20%	-0.60%	-1.50%	12.70%

Note. Data retrieved from Index Mundi (2011)

Except the crisis period, encountered levels of industrial production growth rate in the Altai states were commendable. And those rates made Azerbaijan the fastest growing country in that field. In this respect, Uzbekistan and Turkmenistan could take part in the Top 10 of the world. Those developments are promising for the future of the Altai states.

Inflation rates are significant indicators of the economy, as well. Higher rates of inflation are likely to happen in transition economies parallel to the high growth rates, and rates ranging between 3-5 % are normal in stable economies.

Table 14. Inflation Rates of the Altai states (%)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	4.60%	6.90%	3.20%	3.60%	9.30%	9.00%	3.00%
2006	9.60%	7.60%	5.20%	2.80%	8.20%	10.50%	6.90%
2007	8.00%	8.60%	6.40%	2.20%	9.80%	11.00%	7.60%
2008	16.70%	10.80%	10.20%	2.50%	8.70%	11.30%	12.00%
2009	20.80%	17.00%	24.50%	4.70%	10.40%	13.00%	14.00%

Note. Data retrieved from Index Mundi (2011)

High inflation rates are perfectly normal for fast growing countries like Azerbaijan and Kazakhstan. Considering the year 2008 would be better as the 2009 crisis period provides misleading values. For 15-20 years, it wouldn't be possible to talk about an order similar to Maastricht Criteria for the Altai Union as prices need to increase in parallel to the wealth of the people. However, this inflation should not be higher than the increase of people's wages like it happens in Turkey.

After inflation rates, exchange rates of local currencies gain importance (Table 15). It proves economic stability and export product pricing. Countries with stronger currencies will have a lesser chance to export their products.

Table 15. Exchange Rates against US$

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	0.8934	126.09	40,149	954.80	1.4286	N/A	1,219.80
2006	0.8581	122.55	37,746	929.20	1.3190	N/A	1,263.80
2007	0.8219	120.25	36,108	1,101.70	1.3179	N/A	1,317.00
2008	0.8038	147.50	42,905	1,276.93	1.5500	2.85	1,466.70
2009	0.8035	147.28	46,337	1,153.77	1.5181	2.85	1,588.10

Note. Data retrieved from Index Mundi (2011)

Having a higher exchange rate is better for exporters who are mostly supplied by home currency, so that they can sell their products in a more competitive way against other countries. With a very simple logic, let's assume the cost of the same product is 150 Manat in Azerbaijan and 150 Turkish Lira in Turkey. Converted to US$, this product in Azerbaijan would be 187 US$, while it is 100 US$ in Turkey. If there are no quality differences or high logistic differences, foreign market would choose the Turkish product. Therefore, Azerbaijan's high exchange rate against US$ can be considered as a short-sighted oil strategy.

If Turkmenistan wants to take part in global business, her Manat should be easily convertible too. A single currency should be a marvelous step for a future union after full economic integration.

Another economic wealth increaser is the gross fixed investment. It is mostly analyzed as the percentage of GDP. Table 16 provides investment rates of the Altai states.

Table 16. Investment (Gross Fixed) - % of GDP

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	65.10%	23.90%	17.00%	28.70%	17.30%	29.00%	N/A
2006	54.40%	26.50%	12.60%	29.30%	19.60%	35.60%	N/A
2007	44.90%	27.00%	15.50%	28.40%	20.10%	28.80%	N/A
2008	20.00%	30.30%	25.60%	28.80%	21.50%	32.50%	N/A
2009	21.20%	27.80%	23.20%	27.10%	20.30%	N/A	N/A

Note. Data retrieved from Index Mundi (2011)

These values indicate total business spending on fixed assets, such as factories, machinery, equipment, dwellings and inventories of raw materials, which provide the basis for future production. Nearly all the Altai states, considering their GDP, possess the similar values ranging between 20-30 % which is normal for an economy. 2005, 2006 and 2007 were recorded as the best years of Azerbaijan with rates ranging from 45-65 %.

Another economic indicator is debt. Many states are facing high debt ratios. Public debt is one of those debts. Table 17 presents public debt ratio to GDP.

Table 17. Public Debt - % of GDP

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	18.90%	13.70%	N/A	21.30%	74.30%	N/A	41.50%
2006	11.30%	10.50%	N/A	20.00%	68.00%	N/A	36.10%
2007	10.40%	11.00%	N/A	31.90%	64.70%	N/A	29.70%
2008	6.70%	7.70%	N/A	28.20%	38.90%	N/A	18.70%
2009	5.90%	8.90%	N/A	24.40%	40.00%	N/A	10.80%

Note. Data retrieved from Index Mundi (2011)

As Azerbaijan, Kazakhstan and Uzbekistan are experiencing normal values, Turkey's public debt had recorded a sharp decrease after 2005. A rate of 75 % in 2005, was a very high one, which has to be around 20 % in the following years. Currently, it has decreased to 40 % which is still high.

Public debt is followed by external debt. Like in public debt, external debt's ratio to GDP is also important. At the moment, European states like Greece are trying to deal with their external debts, mostly to IMF.

Table 18. External Debt (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	$1,832,000	$26,030,000	$1,970,000	$160,000,000	$16,900,000	$2,400,000	$4,351,000
2006	$1,873,000	$41,660,000	$2,428,000	$153,900,000	$170,100,000	$2,400,000	$5,032,000
2007	$2,483,000	$53,890,000	$2,483,000	$249,400,000	$193,600,000	$2,400,000	$4,713,000
2008	$2,439,000	$96,360,000	$2,966,000	$220,110,000	$247,100,000	$1,400,000	$3,927,000
2009	$2,997,000	$107,800,000	$3,467,000	$381,100,000	$277,100,000	$1,400,000	$3,987,000

Note. Data retrieved from Index Mundi (2011)

External debt is certainly not a problem for Azerbaijan, Turkmenistan and Uzbekistan. Kazakhstan can encounter problems and Korea wouldn't have so many difficulties in dealing with her debt. But the worst news have come from Turkey,

whose external debt jumped to 277,100,000,000 US$ in 2009 from 16,900,000,000 US$ in 2005. Turkey must surely review her economic policies. Turkey's external debt is about 31.51 % of her GDP, within this; Korea's is 27.97 %, Kazakhstan's 59.55 %. In Azerbaijan, that ratio is 3.5 %, in Kyrgyzstan 28.3 %, in Turkmenistan 4.3 % and in Uzbekistan 5.1 % only.

Turkey's external debt was only about 2 % of her GDP in 2005 and it had reached 32 % by 2009.

Another point following debt is the current account balance. Poorly administrated states face negative current account balances every year. Table 19 presents the Altai states' current account balances.

Table 19. Current Account Balance (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	-$2,899,000	-$39,020	-$87,920	$26,780,000	-$15,300,000	$114,000	$461,900
2006	$167,300	-$485,700	-$134,000	$16,560,000	-$23,080,000	$236,000	$1,082,000
2007	$2,737,000	$133,000	-$287,300	$2,000,000	-$25,990,000	$321,200	$1,410,000
2008	$9,019,000	-$7,184,000	-$267,900	$5,954,000	-$37,580,000	$1,705,000	$4,615,000
2009	$16,450,000	$6,978,000	-$708,000	-$6,349,000	-$41,600,000	$4,657,000	$6,257,000

Note. Data retrieved from Index Mundi (2011)

Those countries maybe small, undeveloped but at least they are growing and developing on their owns, without huge external debts and terrible current account balances. Numbers explain everything clearly for Turkey. Did Turkey have wonderful economic improvements after she had -15,300,000,000 US$ current account balance in 2005 and -41,600,000,000 US$ in 2009? If the rival states' current account balances in 2009 are analyzed, three states are seen, China with 363,300,000,000 US$, Japan with 195,900,000,000 US$ and Germany with

185,100,000,000 US$. But there are worse cases in the world like the USA with an external debt of -747,100,000,000 US$.

Turkey's current account balance is about - 4 % of her GDP, while this ratio is -0.46 % in Korea, - 5.9 % in Kyrgyzstan, 3.85 % in Kazakhstan, 19.35 % in Azerbaijan, 14.30 % in Turkmenistan and 7.98 % in Uzbekistan.

Attractive economies receive higher rates of foreign direct investments. Foreign direct investment increases the welfare of the country. Table 20 presents flows of inward foreign direct investment values.

Table 20. Flows of Inward Foreign Direct Investment at Home (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	$1,680,000	$1,982,000	$43,000	$7,055,000	$10,010,000	$418,000	$192,000
2006	-$584,000	$6,360,000	$182,000	$4,881,000	$20,223,000	$731,000	$174,000
2007	-$4,749,000	$11,096,000	$208,000	$2,628,000	$22,023,000	$804,000	$705,000
2008	$14,000	$15,775,000	$265,000	$8,409,000	$18,148,000	$820,000	$711,000
2009	$473,000	$12,649,000	$60,000	$5,844,000	$7,611,000	$1,355,000	$750,000

Note. Data retrieved from UNCTAD (2011)

Kazakhstan followed by Turkey and Korea have received the highest foreign direct investment flows. Flows in other the Altai states in Central Asia were relatively much lower. Kazakhstan could receive two times higher flow than the giant Korea.

Within this, there have been flows of outward investments in other countries which are presented in Table 21.

Table 21. Flows of Outward Foreign Direct Investment at Home (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	$1,221,000	-$151,000	-	$4,298,000	$1,062,000	-	-
2006	$705,000	-$329,000	-	$8,127,000	$926,000	-	-
2007	$286,000	$3,142,000	-	$15,620,000	$2,104,000	-	-
2008	$556,000	$1,001,000	-	$18,943,000	$2,532,000	-	-
2009	$326,000	$3,119,000	-	$10,572,000	$1,551,000	-	-

Note. Data retrieved from UNCTAD (2011)

It's better to consider all those two tables together with FDI stocks. In Ease of Doing Business Report (2011) which will be analyzed in the next pages, Kazakhstan was taking the lead as the most improving state with the best efforts. Those efforts were successful and foreign direct investment levels in Kazakhstan could approach those of Turkey. Global brands that see Turkey as a link between Europe and Asia have started to produce many materials in various sectors but especially cars, motor vehicles which made Turkey taking the lead in FDI between the Altai states. With the creation of the Altai Union, FDI levels are also expected to increase.

One last but major economic indicator is reserves of foreign exchange and gold. Reserves also protect the economy during a crisis period. Table 22 presents amounts of the Altai states' reserves.

Table 22. Reserves of Foreign Exchange and Gold (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	$875,000	$14,350,000	$498,700	$199,100,000	$37,100,000	$3,034,000	$1,603,000
2006	$1,192,000	$7,070,000	$612,300	$210,400,000	$52,490,000	$2,963,000	$2,681,000
2007	$1,800.000	$15,260,000	$621,200	$239,000,000	$53,420,000	$3,518,000	$2,986,000
2008	$4,273.000	$17,630,000	$1,177,000	$262,200,000	$76,510,000	$5,172,000	$6,750,000
2009	$6,467,000	$19,870,000	$1,225,000	$201,200,000	$73,660,000	$13,910,000	$10,150,000

Note. Data retrieved from Index Mundi (2011)

While Central Asian states have very low reserves, South Korea takes 5th place in the world after the biggest rival China which takes the 1st place with 1,493,000,000,000 US$ followed by Japan, Russia and Taiwan. Turkey's increased volume carries her to the 16th place which is not bad so far. Turkey has decided to keep more reserves after the 2001 banking crisis, so that Central Bank could do better than the last time during the 2009 global crisis.

Nowadays, all international trade is directed by the internet. Companies find manufacturers or customers via internet. Table 23 presents internet users.

Table 23. Internet Users

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan
2005	300,000	250,000	152,000	29,220,000	5,500,000	8,000	492,000
2006	678,800	400,000	280,000	33,900,000	16,000,000	36,000	880,000
2007	678,800	400,000	280,000	33,900,000	16,000,000	36,000	880,000
2008	1,036,000	1,901,000	750,000	35,590,000	24,483,000	70,000	1,200,000
2009	1,036,000	1,901,000	750,000	35,590,000	27,233,000	70,000	2,100,000

Note. Data retrieved from Index Mundi (2011)

Internet users show directly the development of the country and openness for global trade. Turkmenistan's internet restrictions are blocking all of her international trade

at the moment. the Altai states will easily find customers for their export products through internet after the union is formed.

If a strong economy is not supported by a strong army, whatever her reserves are, the country can end up like Kaddafi's Libya. Table 24 indicates military spending of the Altai states in 2010.

Table 24. Military Expenditures in 2010 (US$)

Country	Volume	% GDP	World Rank
Azerbaijan	1,421,000,000	3.40%	60
Kazakhstan	1,227,000,000	1.20%	66
Kyrgyzstan	185,000,000	3.70%	107
South Korea	24,270,000,000	2.90%	12
Turkey	15,634,000,000	2.70%	17
Turkmenistan	236,000,000	2.90%	102
Uzbekistan	52,000,000	1.90%	130
Total	43,025,000,000		8

Note. Data retrieved from Stockholm International Peace Research Institute (2011)

Possessing a strong army will prevent super powers of implementing their requests by force and will create deterrence against the enemies. But the main point on military expenditures is that the Altai states must be producing their military equipment, tanks, jets, navy, etc. on their own. Dependence on the USA, Russia or Israel can be stated as the main problems for the Altai states. Central Asian states are surrounded by China, Russia and the US Armies, while South Korea stays between China, Japan and North Korea. And finally Turkey stands at the center of the world, with many rival nations. Considering that the USA, China, Russia, France, Japan, UK, Germany, India and Brazil's military expenditures are much higher than those of the Altai states, the Altai states must be surely be self-sufficient, strong and united.

Within this, man power has always been important for armies, as well. Numbers of troops in the Altai states are given in Table 25.

Table 25. Number of Troops

Country	Active	Rank	Reserve	Paramil.	Total
Azerbaijan	66,940	56	300,000	15,000	381,940
Kazakhstan	49,000	67	0	31,500	80,500
Kyrgyzstan	10,900	117	0	9,500	20,400
South Korea	687,000	6	8,000,000	4,500	8,691,500
Turkey	510,600	9	428,700	102,200	1,041,500
Turkmenistan	22,000	91	0	0	22,000
Uzbekistan	67,000	55	0	20,000	87,000
Total	1,413,440	3	8,728,700	182,700	10,324,840

Note. Data retrieved from Wikipedia (2011)

Nowadays, having armies with huge troops is certainly not enough. Wars can be continued with industry, economics and high technology. the Altai states must be producing and exporting their technology. The Global Peace Index states Turkey, Azerbaijan and Turkmenistan as states with the least peace (VoH, 2011).

Additional to military spending, countries should spend a noticeable part of their GDPs for research and development spending. These spendings would create an advanced and independent economy and would increase efficiency. Research and development spendings of the Altai states are given in Table 26.

Table 26. Research and Development Spendings

Country	billion USD, PPP	% of GDP	Data
Azerbaijan	0.11	0.17%	2007
Kazakhstan	0.38	0.21%	2007
Kyrgyzstan	N/A	N/A	
South Korea	44.80	3.00%	2011
Turkey	6.90	0.70%	2011
Turkmenistan	N/A	N/A	
Uzbekistan	N/A	N/A	

Note. Data retrieved from Unesco (2011)

It is very easy to understand why Korea is much more advanced in technology. Korea spends six times more for research and development than Turkey does. This is another fact that proves the need of the Altai states for Korea. In Central Asian states, those spending did not even exist.

Another indicator of intellectual level is books published per year. Table 27 presents books published in the Altai states and their world ranks.

Table 27. Books Published Per Year

Country	Books	Rank	Data
Azerbaijan	542	65	1996
Kazakhstan	1,226	55	1996
Kyrgyzstan	420	68	1998
South Korea	40,291	11	2010
Turkey	31,414	17	2009
Turkmenistan	450	67	1994
Uzbekistan	1,003	57	1996

Note. Data retrieved from Unesco (2011)

Korea is much more intellectual compared to other the Altai states. Turkey follows Korea with a difference of 10,000 books per year. The difference is not small taking Turkey's high population into account compared to Korea.

Energy resources are important for all countries in order to be successful and independent in their economies. For the last four decades, oil and gas have become the worthiest energy resources in the world. Fortunately, the Altai states in Central Asia were blessed with those fossil energy resources.

In the next part of our chapter, oil and gas production, consumption, exports, imports and reserves will be analyzed.

Oil and Gas

Oil which is going to be extinct soon still has a very important role in the world economy. Therefore, it wouldn't be wise to make all economic plans according to oil. Unstable oil prices, oil wars and creation of new technologies will soon end the leadership of oil, but there is still time.

The oil production of the Altai states is given in Table 28.

Table 28. Oil Production (barrel / day)

Year	AZ	Rank	KZ	Rank	KG	Rank	SK	Rank	TR	Rank	TU	Rank	UZ	Rank
2005	312,800	36	1,200,000	18	2,000	84	0	150	48,000	55	162,500	43	143,300	44
2006	477,000	30	1,300,000	19	1,990	95	0	119	50,000	60	203,400	42	152,000	46
2007	477,000	30	1,300,000	19	1,378	99	7,378	88	50,000	61	213,700	43	142,000	48
2008	1,099,000	21	1,445,000	19	965	104	20,970	74	42,800	63	180,400	42	99,260	51
2009	1,099,000	21	1,445,000	19	965	105	20,970	73	42,800	63	180,400	42	99,260	51

Note. Data retrieved from Index Mundi (2011)

By 2009, total production of the union becomes 2,888,718 barrels/day which makes the Altai Union ranked 9th in the world. Kazakhstan (ranked 19th) is the biggest oil producer of the Altai Union, followed Azerbaijan who is ranked 21st in the world. There is also a minor production in Turkmenistan and Uzbekistan. Production rates of Kyrgyzstan, Korea and Turkey are not significant.

Within this, oil consumption is a major indicator determining dependency. Large consumers which don't have enough production are advised to search for new renewable energy resources rather than oil. Oil consumption of the Altai states are given in Table 33.

Table 29. Oil Consumption (barrel / day)

Year	AZ	Rank	KZ	Rank	KG	SK	Rank	TR	Rank	TU	Rank	UZ	Rank
2005	140,000	65	189,400	55	20,000	2,070,000	9	619,500	23	63,000	85	142,000	63
2006	123,000	67	221,000	53	11,000	2,061,000	8	715,100	23	80,000	78	120,000	68
2007	120,000	69	222,000	53	10,000	2,149,000	8	715,100	23	95,000	73	148,000	65
2008	160,000	65	243,100	50	12,330	2,214,000	10	676,600	24	107,400	73	157,100	67
2009	160,000	65	243,100	49	12,330	2,080,000	10	676,600	24	107,400	73	157,100	67

Note. Data retrieved from Index Mundi (2011)

South Korea is consuming 2,080,000 barrels of oil per day which is a bit lower than the total daily production of Azerbaijan and Kazakhstan. Within this, the total consumption of the Altai Union makes it 4th in the world. This paper's main aim is also to prove the self-sufficiency of the Altai states if they get united. Trade partners have not been analyzed yet in this chapter, but if political issues can be resolved, a much better picture can be seen for South Korea and Turkey's dependence on oil after the creation of the Altai Union.

Together with consumption, imports of oil should be stated as well. Imports of oil are the main determinant of oil dependency. Oil imports of the Altai states are given in Table 30.

Table 30. Oil Imports (barrel / day)

Year	AZ	Rank	KZ	Rank	KG	Rank	SK	Rank	TR	Rank	TU	Rank	UZ	Rank
2005	-	-	47,000	36	-	-	2,263,000	5	616,500	12	-	-	-	-
2006	-	-	47,000	43	-	-	2,263,000	6	616,500	14	-	-	-	-
2007	-	-	47,000	49	-	-	2,263,000	5	616,500	14	-	-	-	-
2008	4,267	161	127,600	59	14,240	120	2,410,000	7	714,100	17	5,283	153	31,440	93
2009	4,267	163	127,600	59	14,240	123	2,370,000	8	714,100	16	5,283	154	31,440	95

Note. Data retrieved from Index Mundi (2011)

Korea and Turkey are the main importers of oil in the world. Korea is ranked 8th with 2.37 million barrels per day, followed by Turkey ranked 16th with 0.714 million barrels.

In addition to oil imports, many countries are keeping their economies alive with oil exports. Oil exports of the Altai states are presented in Table 31.

Table 31. Oil Exports (barrel / day)

Year	AZ	Rank	KZ	Rank	KG	Rank	SK	Rank	TR	Rank	TU	Rank	UZ	Rank
2005	-	-	890,000	13	-	-	630,100	15	46,110	37	-	-	-	-
2006	-	-	890,000	16	-	-	645,200	18	46,110	43	-	-	-	-
2007	-	-	1,000,000	16	-	-	645,200	18	46,110	46	170,000	36	-	-
2008	795,600	21	1,236,000	16	2,534	108	910,000	21	114,600	63	40,000	78	11,940	91
2009	795,600	22	1,236,000	17	2,534	111	906,900	20	114,600	63	40,000	75	11,940	91

Note. Data retrieved from Index Mundi (2011)

South Korea is one of the biggest importers of crude petroleum oil in the world; meanwhile what she exports is petroleum oil that is not crude. That can be counted as a great success. The development of Kazakh and Azerbaijani economies are totally based on oil exports, and Turkish and Korean economies are dependent on oil imports. Another interesting fact is that both in exports and imports, the Altai Union becomes 3rd in the world.

Finally, the question “until when?” appears regarding unrenewable energy resources like oil. Oil reserves of the Altai states are indicated in Table 32.

Table 32. Oil Reserves (barrels)

Year	AZ	Rank	KZ	Rank	KG	TR	TU	Rank	UZ	Rank
2005	589,000,000	43	26,000,000,000	11	40,000,000	288,400,000	273,000,000	55	297,000,000	53
2006	589,000,000	44	26,000,000,000	12	40,000,000	288,400,000	273,000,000	55	600,000,000	42
2007	589,000,000	43	26,000,000,000	11	40,000,000	288,400,000	546,000,000	47	600,000,000	42
2008	7,000,000,000	19	30,000,000,000	11	40,000,000	300,000,000	600,000,000	42	594,000,000	44
2009	7,000,000,000	19	30,000,000,000	11	40,000,000	300,000,000	600,000,000	44	594,000,000	45

Note. Data retrieved from Index Mundi (2011)

Oil reserves of Kazakhstan are huge but with a simple logic, if Kazakhstan produces 1,445,000 barrels per day and if it is stable, her oil reserve will finish in 20,761 days which makes approximately 56 years. And if Azerbaijan’s production is 1,099,000

barrels per day, her reserve will probably finish in 6,369 days equal to 18 years. Total oil reserves of the Altai Union are ranked 10th in the world.

Therefore, for Azerbaijan and Kazakhstan, it wouldn't be a good idea to make all economic policies regarding oil. Industrialization is a must and has to be encouraged by sharing knowledge and experience with Korea and Turkey.

Another important energy resource is natural gas. Natural Gas is an important fuel source and a major feedstock for fertilizers. Natural gas is created by biogenic and thermogenic mechanism. Table 33 indicates natural gas production of the Altai states.

Table 33. Natural Gas Production Per Year (Cubic Meters)

Year	AZ	KZ	KG	SK	TR	TU	UZ
2005	5,720,000,000	11,600,000,000	16,000,000	0	312,000,000	58,570,000,000	63,100,000,000
2006	5,130,000,000	18,500,000,000	6,000,000	0	560,000,000	54,600,000,000	55,800,000,000
2007	5,010,000,000	20,490,000,000	29,000,000	0	688,000,000	58,570,000,000	62,500,000,000
2008	9,770,000,000	27,880,000,000	18,000,000	390,000,000	893,000,000	68,880,000,000	65,190,000,000
2009	9,770,000,000	27,880,000,000	18,000,000	640,000,000	893,000,000	68,880,000,000	65,190,000,000

Note. Data retrieved from Index Mundi (2011)

Only Turkmenistan and Uzbekistan have significant ranks in the world. Turkmen gas is ranked 11th and Uzbek gas is ranked 12th in the world. Together, the Altai Union's production is ranked 4th in the world. Kazakhstan has a production capacity of 27.8 billion cubic meters per year as well.

Same like oil, consumption is another important factor. But in some cases, gas production can only be sufficient for local consumption. the Altai states' natural gas consumption is given in Table 34.

Table 34. Natural Gas Consumption Per Year (Cubic Meters)

Year	AZ	KZ	KG	SK	TR	TU	UZ
2005	6,720,000,000	14,300,000,000	2,016,000,000	20,920,000,000	15,940,000,000	9,600,000,000	45,200,000,000
2006	9,200,000,000	15,200,000,000	1,500,000,000	24,090,000,000	22,600,000,000	15,500,000,000	49,300,000,000
2007	9,940,000,000	15,750,000,000	919,000,000	27,840,000,000	22,600,000,000	16,570,000,000	48,400,000,000
2008	9,770,000,000	30,580,000,000	768,000,000	34,830,000,000	36,600,000,000	19,480,000,000	51,180,000,000
2009	9,770,000,000	30,580,000,000	768,000,000	37,000,000,000	36,600,000,000	19,480,000,000	51,180,000,000

Note. Data retrieved from Index Mundi (2011)

Another interesting fact is that Uzbekistan's natural gas consumption is the highest among all the Altai states. Meanwhile, Turkey and South Korea have similar consumptions and ranks. the Altai Union's total consumption makes it 3rd in the world. Like for oil, Turkey and South Korea are totally dependent on natural gas. Kazakhstan's gas production is not enough for her consumption.

Parallel to consumption, natural gas imports of the Altai states are given in Table 35.

Table 35. Natural Gas Imports Per Year (Cubic Meters)

Year	AZ	KZ	Rank	KG	SK	Rank	TR	Rank	TU	UZ
2005	1,000,000,000	8,300,000,000	17	2,000,000,000	21,110,000,000	8	15,750,000,000	12	0	0
2006	1,000,000,000	8,696,000,000	18	1,500,000,000	21,110,000,000	7	15,750,000,000	11	0	0
2007	4,930,000,000	2,270,000,000	39	890,000,000	28,930,000,000	8	21,730,000,000	10	0	0
2008	0	10,800,000,000	18	750,000,000	33,380,000,000	10	35,830,000,000	8	0	0
2009	0	10,800,000,000	18	750,000,000	34,400,000,000	10	35,830,000,000	8	0	0

Note. Data retrieved from Index Mundi (2011)

Turkey and South Korea are in Top 10 for natural gas imports in the world and total imports of the Altai Union bring it to 3rd rank in the world. Turkey, 8th biggest importer of natural gas in the world, mostly buys her gas from Russia but trading partners will be considered in the following chapters. Turkey's and Korea's dependency points out the importance of unification.

In return, natural gas export is another profit maker for reserve owners like in oil. the Altai states' gas imports are stated in Table 36.

Table 36. Natural Gas Exports Per Year (Cubic Meters)

Year	AZ	KZ	Rank	KG	SK	TR	TU	Rank	UZ	Rank
2005	0	11,010,000,000	14	0	0	0	43,500,000,000	6	17,900,000,000	10
2006	0	4,100,000,000	22	0	0	0	38,600,000,000	6	6,500,000,000	20
2007	0	7,010,000,000	23	0	0	0	42,000,000,000	6	12,500,000,000	13
2008	0	8,100,000,000	23	0	0	31,000,000	49,400,000,000	6	14,010,000,000	15
2009	0	8,100,000,000	23	0	0	31,000,000	49,400,000,000	6	14,010,000,000	15

Note. Data retrieved from Index Mundi (2011)

Regarding gas exports, Turkmenistan is ranked 6th in the world. Uzbekistan's production is higher but mostly consumes it for herself. And total exports of the Altai Union would be ranked 4th in the world. That data show us that our seven states should perfectly be sufficient between them if they get united.

Finally, natural gas reserves of the Altai states are given in Table 37.

Table 37. Natural Gas Reserves (Cubic Meters)

Year	AZ	KZ	Rank	KG	TR	TU	Rank	UZ
2005	62,300,000,000	1,800,000,000,000	16	5,663,000,000	8,685,000,000	1,430,000,000,000	21	937,300,000,000
2006	849,500,000,000	3,000,000,000,000	11	5,663,000,000	8,495,000,000	2,010,000,000,000	17	1,875,000,000,000
2007	849,500,000,000	1,841,000,000,000	17	5,663,000,000	8,495,000,000	2,010,000,000,000	15	1,875,000,000,000
2008	849,500,000,000	2,832,000,000,000	11	5,663,000,000	8,495,000,000	2,832,000,000,000	12	1,841,000,000,000
2009	849,500,000,000	2,832,000,000,000	11	5,663,000,000	8,495,000,000	2,832,000,000,000	12	1,841,000,000,000

Note. Data retrieved from Index Mundi (2011)

Kazakhstan and Turkmenistan have the same amount of reserves and they are followed by Uzbekistan. The total of the union is ranked 4th in the world after Russia, Iran and Qatar. The richness of Central Asia should be a perfect match for Korea and Turkey. Those amounts of Kazakhstan and Turkmenistan can be enough for 100 years based on calculations and Uzbekistan's reserves can be depleted only after 66 years.

The Business Environment

For a complete economic integration, investors and entrepreneurs should be easily doing business, creating new projects, opening branches, factories and stores at the other member countries. As this is not a part of the customs union, report of Doing Business made by World Bank Group will be shortly analyzed (2011).

In general, Kazakhstan is announced as the most effort and reforms making country in the world by 2011. Shortly ranks are below in Table 38;

Table 38. Ease of Doing Business

Country	AZ	KZ	KG	SK	TR	TU	UZ
Ease of doing business (rank)	54	59	44	16	65	-	150

Note. Data retrieved from World Bank Group (2011)

Table 38 indicates that it is very easy to invest or to do business in South Korea. The most democratic state in Central Asia, Kyrgyzstan, is ranked 44th while Turkey is ranked after Azerbaijan and Kazakhstan. Uzbekistan is terribly ranked 150th and Turkmenistan led by an authoritarian regime, is not even rated during whole research.

Research begins with starting a business ranks and procedures in Table 39.

Table 39. Starting a Business

Country	AZ	KZ	KG	SK	TR	TU	UZ
Starting a business (rank)	15	47	14	60	63	-	106
Procedures (number)	6	6	2	8	6	-	7
Time (days)	8	19	10	14	6	-	15
Cost(% of income per capita)	3.1	1.0	3.7	14.7	17.2	-	11.9
Minimum capital (% of income per capita)	0.0	0.0	0.0	0.0	9.9	-	32.5

Note. Data retrieved from World Bank Group (2011)

Turkey is the most difficult after Uzbekistan. It can be said that cost of starting a business is the highest in Turkey. Those values for Central Asian states except

Turkmenistan and Uzbekistan are really promising. Korean and Turkish entrepreneurs can easily invest in those three states of Asia.

Starting a business is followed by construction permits in Table 40. Construction sector is where Turkish companies are the most active in Central Asia.

Table 40. Dealing with Construction Permits

Country	AZ	KZ	KG	SK	TR	TU	UZ
Dealing with construction permits (rank)	160	147	43	22	137	-	145
Procedures(number)	31	34	13	13	25	-	28
Time(days)	207	219	143	34	188	-	274
Cost(% of income per capita)	388.9	119.8	153.9	131.2	231.4	-	67.7

Note. Data retrieved from World Bank Group (2011)

Turkish constructors boomed the construction sector in Central Asia and have been rebuilding those states for many years. With the new projects and encouragements, more construction companies will be probably moving to Asia. As it is seen, it takes time and a lot of money to obtain a permit in Azerbaijan, Kazakhstan and Uzbekistan.

Construction permits are followed by registering property in Table 41.

Table 41. Registering Property

Country	AZ	KZ	KG	SK	TR	TU	UZ
Registering property (rank)	10	28	17	74	38	-	135
Procedures(number)	4	4	4	7	6	-	12
Time(days)	11	40	5	11	6	-	78
Cost (% of property value)	0.2	0.1	2.3	5.1	3.0	-	1.2

Note. Data retrieved from World Bank Group (2011)

During an economic integration; investors, entrepreneurs, workers and their families would probably buy some properties for themselves. It seems quite easy in Asia, a bit hard in Korea and impossible in Uzbekistan.

Companies need to obtain credits in order to start or expand their business. Ease of credit is given in Table 42.

Table 42. Getting Credit

Country	AZ	KZ	KG	SK	TR	TU	UZ
Getting credit (rank)	46	72	15	15	72	-	138
Strength of legal rights index (0-10)	6	4	10	7	4	-	2
Depth of credit information index (0-6)	5	5	3	6	5	-	3
Public registry coverage (% of adults)	7.0	0.0	0.0	0.0	18.3	-	4.5
Private bureau coverage (% of adults)	0.0	29.9	11.9	93.3	42.2	-	3.3

Note. Data retrieved from World Bank Group (2011)

Except Kyrgyzstan and South Korea which share the 15th rank, it does not seem very easy in other the Altai states especially in Uzbekistan.

Within this, foreign and local investors have to be protected. Unprotected investors increase the volume of money flows leaving the country (Table 43).

Table 43. Protecting Investors

Country	AZ	KZ	KG	SK	TR	TU	UZ
Protecting investors (rank)	20	44	12	74	59	-	132
Extent of disclosure index (0-10)	7	8	8	7	9	-	4
Extent of director liability index (0-10)	5	11	7	2	4	-	1
Ease of shareholder suits index (0-10)	8	9	8	7	4	-	7
Strength of investor protection index (0-10)	6.7	6.0	7.7	5.3	5.7	-	4.0

Note. Data retrieved from World Bank Group (2011)

Political stability must be combined with laws and prevention of fraud. Kyrgyzstan takes the lead in this issue, while Azerbaijan's improvements are clearly seen. Korea surprisingly had a poor rank in that field. Uzbekistan was ranked the worst without any surprises.

Taxation brings many liabilities to investors and entrepreneurs. Lower taxations are surely going to be attracting more investors. Ranks about paying taxes are presented in Table 44.

Table 44. Paying Taxes

Country	AZ	KZ	KG	SK	TR	TU	UZ
Paying taxes (rank)	103	39	150	49	75	-	154
Payments (number per year)	18	9	48	14	15	-	44
Time (hours per year)	306	271	202	250	223	-	205
Total tax rate (% of profit)	40.9	29.6	57.2	29.8	44.5	-	95.6

Note. Data retrieved from World Bank Group (2011)

Kyrgyzstan creates disappointment in this field. Forty eight times per year, which makes four times in a month, companies should pay taxes. And the tax rate is 57.2 % of the profit, which is a frightening and dramatic rate. Turkey's tax liabilities of 44.5 % are also a very high rate. 95.6 % tax rate of Uzbekistan seems like a bad joke.

Companies should easily import and exports with the lowest procedures and costs possible. Costs, documents needed and ranks of import and exports are given in Table 45 for the Altai states.

Table 45. Trading Across Borders

Country	AZ	KZ	KG	SK	TR	TU	UZ
Trading across borders (rank)	177	181	156	8	76	-	169
Documents to export (number)	9	10	7	3	7	-	7
Time to export (days)	43	81	63	8	14	-	71
Cost to export (USD per container)	2,980	3,005	3,010	790	990	-	3,150
Documents to import (number)	14	12	7	3	8	-	9
Time to import (days)	46	67	72	7	15	-	92
Cost to import (USD per container)	3,480	3,055	3,280	790	1,063	-	4,650

Note. Data retrieved from World Bank Group (2011)

Export and import process is very hard in Central Asia, but we can understand why Korea's exports are four-five times higher than Turkey's. Exporting and importing are much less costly and faster in Korea. Ex-President of Turkey, Mr. Turgut Özal's words: "No official can block exports in the name of duty." (Evrensel, 2000) must be applied in Asia too.

Business and trade should be protected with enforcing laws and contracts. Procedures, costs and ranks are given in Table 46.

Table 46. Enforcing Contracts

Country	AZ	KZ	KG	SK	TR	TU	UZ
Enforcing contracts (rank)	27	36	54	5	26	-	44
Procedures (number)	39	38	39	35	35	-	42
Time (days)	237	390	260	230	420	-	195
Cost (% of claim)	18.5	22.0	29.0	10.3	18.8	-	22.2

Note. Data retrieved from World Bank Group (2011)

Against controversies, Korea is the easiest and the least costly country. Other states are not bad, either. Only in Kyrgyzstan, claims are the most costly, within this in Turkey, the longest time is needed (420 days).

Finally, information for closing a business is giving in Table 47.

Table 47. Closing a Business

Country	AZ	KZ	KG	SK	TR	TU	UZ
Closing a business (rank)	88	48	138	13	115	-	112
Time (years)	2.7	1.5	4.0	1.5	3.3	-	4.0
Cost (% of estate)	8	15	15	4	15	-	10
Recovery rate (cents on the dollar)	28.8	43.3	15.3	81.7	21.1	-	22.2

Note. Data retrieved from World Bank Group (2011)

While closing a business, Korea takes the lead again with very high recovery rates and shortest time. In Kyrgyzstan and Uzbekistan, it takes about four years to close a business.

As a result, all the Altai states have different advantages and weaknesses which complete each other. For example, Turkey has the highest population, strongest army, the most strategic position, rich agricultural resources and a leading role, while Korea has the most advanced technology, best trade volumes and better industries. Within this, Central Asian the Altai states, have the most significant

growth rates, low labor cost advantage, innumerable resources and energy advantage. If directed correctly, all those states would be a perfect match for each other considering them as a whole.

All these states have a lot to share with each other and have possibilities to cover weaknesses of other members. All transactions should be mutually beneficial and the Altai Union should create a strong unity which is going to have a strong position in the world.

In the next chapter, trade agreements, multilateral trade volumes and sector analysis will be studied in order to see the big picture more clearly.

CHAPTER 4

INTERNATIONAL TRADE

The Altai states have been trading with each other, as well as with other countries for decades. Therefore, the products they have been trading with each other, trade agreements signed by the Altai states with other countries and the most important import and export products of each state have to be analyzed. In this chapter, firstly, trade agreements will be given for each Altai state. Then bilateral trade volumes of each Altai state with all other the Altai states will be analyzed on a sectoral basis. Finally, the top 10 export and imports sectors will be presented for every Altai state including their trade partners. Tourism, agriculture and metals sectors will be also given additionally.

Trade Agreements

Countries prefer to sign trade agreements with each other or as a part of a union. Some of these trade agreements include removal of tariffs and some are based on closer and stronger economic cooperation. Some members of unions can mutually decide on tariffs against third parties or can decrease, but not always remove, tariffs against each other. Therefore, every trade agreement signed by each Altai state will be analyzed.

Starting with the first candidate country Turkey, Table 48 presents trade agreements signed by Turkey, signatory parties and signature dates.

Table 48. Trade Agreements of Turkey

Name	Signed With	Date
Economic Cooperation Org. Trade	Afghanistan, AZ, Iran, KZ, KG, Pakistan, TJ, TU, UZ	30.12.1994
EFTA-Turkey Free Trade Agreement	Iceland, Liechtenstein, Norway, Switzerland	22.07.1992
Turkey - EC Customs Union	European Union	01.01.1996
Free Trade Agreement	Egypt	01.03.2007
Free Trade Agreement	Israel	01.05.1997
Free Trade Agreement	Romania	01.02.1998
Free Trade Agreement	Syria	01.01.2007
Free Trade Agreement	Albania	01.05.2008
Free Trade Agreement	Bosnia and Herzegovina	07.01.2003
Free Trade Agreement	Bulgaria	01.01.1999
Free Trade Agreement	Croatia	01.07.2003
Free Trade Agreement	Macedonia	01.09.2000
Free Trade Agreement	Morocco	01.01.2006
Free Trade Agreement	Tunisia	01.07.2005
Free Trade Agreement	Palestine Authority	01.06.2005

Note. Data retrieved from World Trade Law (2011)

Turkey has signed ECOTA which is not really active. The most important of all, Turkey has joined the Customs Union with European Union. Regarding Turkey's active trade policies, many FTAs were signed with past Ottoman states like Egypt, Israel, Romania, Syria, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Morocco, Tunisia and Palestine Authority. It shows that Turkey is following different policies in the world than what is suggested here as the Altai Union. The trade agreements signed by the Altai Union's second candidate country Azerbaijan is given in Table 49.

Table 49. Trade Agreements of Azerbaijan

Name	Signed With	Date
Commonwealth of Independent States	ARM, Belarus, GEO, Moldova, KZ, KG, RU, Ukraine, UZ, TJ	30.12.1994
Economic Cooperation Org. Trade	Afghanistan, Iran, KZ, KG, Pakistan, TJ, TR, TU, UZ	22.07.1992
Free Trade Agreement	Georgia	10.07.1996

Note. Data retrieved from World Trade Law (2011)

Commonwealth of Independent States (CIS) agreement does not include Customs Union. CIS is really not active in international arena as we have stated before. Economic Cooperation Organization Trade Agreement (ECOTA) is just an agreement protecting each other against some sensitive issues like payments, important goods, aids, property rights, dumping measures, safeguards, transparency, etc. It doesn't create any "Free Trade Area".

Azerbaijan's only "Free Trade Agreement" is signed with her neighbor Georgia.

The third candidate Kazakhstan's trade agreements are given in Table 50.

Table 50. Trade Agreements of Kazakhstan

Name	Signed With	Date
Commonwealth of Independent States	ARM, AZ, Belarus, GEO, KG, Moldova, RU, Ukraine, UZ, TJ	30.12.1994
Economic Cooperation Org. Trade	Afghanistan, AZ, Iran, KG, Pakistan, TJ, TR, TU, UZ	22.07.1992
Eurasian Economic Community	Belarus, Kyrgyzstan, Russia, Tajikistan	08.10.1997
Free Trade Agreement	Kyrgyzstan	11.11.1995
Free Trade Agreement	Georgia	16.07.1999
Free Trade Agreement	Armenia	25.12.2001

Note. Data retrieved from World Trade Law (2011)

Different than Azerbaijan, Kazakhstan has joined the Eurasian Economic Community (EAEC). In EAEC, Russian's vote is counted for 40 votes, while Kazakhstan and Belarus' are just 20 and Kyrgyzstan's is 10 with Tajikistan. The main purpose of the agreement is to promote the process of formation of the Customs Union and the Single Economic Space. In order words, it is a scheduling agreement for future agreements. Within this, Kazakhstan has already signed Free Trade Agreements with Kyrgyzstan, Georgia and Armenia.

For a complete union, sides must support each other in international arena. Arabic countries do not accept the goods transported by a ship stopping by Israel, and do not accept tourists which have the Israel visa on their passports. the Altai states must also support each other in issues like Karabakh and North Cyprus. Therefore, unbeneficial agreements with Armenia would probably create discomfort in Azerbaijan and no recognition of North Cyprus in Turkey.

The fourth candidate Kyrgyzstan's trade agreements are given in Table 51.

Table 51. Trade Agreements of Kyrgyzstan

Name	Signed With	Date
Commonwealth of Independent States	ARM, AZ, Belarus, GEO, KZ, Moldova, RU, Ukraine, UZ, TJ	30.12.1994
Economic Cooperation Org. Trade	Afghanistan, AZ, Iran, KZ, Pakistan, TJ, TR, TU, UZ	22.07.1992
Eurasian Economic Community	Belarus, Kazakhstan, Russia, Tajikistan	08.10.1997
Free Trade Agreement	Kazakhstan	11.11.1995
Free Trade Agreement	Uzbekistan	20.03.1998
Free Trade Agreement	Moldova	21.11.1996
Free Trade Agreement	Russia	24.04.1993
Free Trade Agreement	Ukraine	19.01.1998
Free Trade Agreement	Armenia	27.10.1997

Note. Data retrieved from World Trade Law (2011)

Additional to Kazakhstan's agreements, Kyrgyzstan has signed Free Trade Agreements with Kazakhstan, Uzbekistan, Moldova, Russia, Ukraine and Armenia. Corruptions in Kyrgyzstan's customs should be avoided if a Customs Union is formed. If not, a Russian origin product can be exported to Kyrgyzstan and re-exported to Turkey to get rid of customs tariffs applied from Turkey to Russia with a Kyrgyz certificate of origin.

The Altai Union's fifth candidate South Korea's trade agreements are presented in Table 52.

Table 52. Trade Agreements of South Korea

Name	Signed With	Date
Bangkok Agreement	Bangladesh, India, Laos, Philippines, Sri Lanka, Thailand	17.06.1976
Bangkok Agreement - Accession of China	Bangladesh, India, Laos, Philippines, Sri Lanka, Thailand, China	01.01.2002
EFTA-Korea Free Trade Agreement	Iceland, Liechtenstein, Norway, Switzerland	01.09.2006
Free Trade Agreement	Chile	01.04.2004
Free Trade Agreement	Singapore	01.03.2006

Note. Data retrieved from World Trade Law (2011)

South Korea has Free Trade Agreements with Chile, Singapore, Iceland, Liechtenstein, Norway and Switzerland. These countries may seem small but trade volumes of Singapore are much higher than Turkey's. Within this, Bangkok Agreement signed with Bangladesh, India, Laos, Philippines, Sri Lanka, Thailand and China; doesn't create a customs union, it agrees to establish a trade expansion program on multilateral basis and to promote economic development through a continuous process of trade expansion among the developing member countries and to adopt mutually beneficial trade liberalization measures for present and future developments (World Trade Law, 2011). This is a very old agreement signed in 1976.

The sixth candidate for the Altai Union, Turkmenistan's trade agreements are indicated in Table 53.

Table 53. Trade Agreements of Turkmenistan

Name	Signed With	Date
Economic Cooperation Org. Trade	Afghanistan, AZ, Iran, KZ, KG, Pakistan, RU, TJ, TR, UZ	22.07.1992
Free Trade Agreement	Georgia	01.01.2000
Free Trade Agreement	Armenia	07.06.1996

Note. Data retrieved from World Trade Law (2011)

Turkmenistan has been very close to the world and didn't want to be a part of CIS. She has only joined ECOTA and signed Free Trade Agreements with Georgia and Armenia. Turkmenistan hasn't signed any FTA with the Altai states.

The final candidate Uzbekistan's trade agreements are presented in Table 54.

Table 54. Trade Agreements of Uzbekistan

Name	Signed With	Date
Commonwealth of Independent States	ARM, AZ, Belarus, GEO, KZ, KG, Moldova, RU, Ukraine, TJ	30.12.1994
Economic Cooperation Org. Trade	Afghanistan, AZ, Iran, KZ, KG, Pakistan, TJ, TR, TU	22.07.1992
Free Trade Agreement	Kyrgyzstan	20.03.1998

Note. Data retrieved from World Trade Law (2011)

Uzbekistan, another closed state of our union, has joined CIS and ECOTA right after her independence and has only signed a FTA with Kyrgyzstan.

As a result, among members of the Altai Union, only Kazakhstan – Kyrgyzstan and Kyrgyzstan – Uzbekistan signed free trade agreements with each other. Within this, they chose to join some economic cooperation organizations but only Turkey took part in an official customs union with Europe. This part of the chapter proves that there are many possibilities for establishing an economic union starting by multilateral free trade agreements.

In the next part of the chapter, the Altai states' trade volumes with the world and with each other will be analyzed including their share and traded products.

Multilateral Trade Volumes

In this chapter, multilateral trade volumes between those seven states will be analyzed. Within this, their most traded products will be given by their Harmonized System (HS) Codes. Data between 2005 and 2009 will be taken into account beginning by total volumes separately for each country. Moreover, their total trade volumes with the Altai states' share will be given. It is necessary to indicate in advance that 2009 trade volumes can be misleading because of global crisis. And finally, another important point is that export and import volumes are the ones declared by each country separately. For example, Azerbaijan declares that her export volume to Kazakhstan was 17,166,000 US$ in 2005, but Kazakhstan declares that her import volume from Azerbaijan was 21,292,000 US$ in 2005. We are going to include both of those numbers to be exact. Those differences are based on different customs systems, corruptions and different statements. Some imports can be recorded by their F.O.B. values and some by their C.I.F. values. Within this, some goods can be classified in different HS Codes, or not even recorded. Some countries classify some goods with the HS Code 99 which is used for goods not elsewhere specified. But in fact, numbers are close to each other and small differences are not really important. For Turkmenistan and Uzbekistan, only mirror data could be used and there are no official data stating the trade volumes between those two countries.

The Altai Union must create a Common Electronic Customs Systems against such discrepancies; within this, smugglings and bribery must be prevented with strict law enforcements.

Analysis begins with the first candidate Turkey with her trade volumes in Table 55.

Table 55. Total Export and Import Volumes of Turkey (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	73,478,024	35	2005	116,778,994	23
2006	85,533,980	35	2006	139,575,465	20
2007	107,279,829	34	2007	170,063,227	20
2008	132,000,933	33	2008	201,960,083	21
2009	102,136,782	33	2009	140,868,084	23

Note. Data retrieved from ITC (2011)

Turkey was ranked 33rd in the world with an export volume of 132 billion US$ in 2008. In return, she was ranked 21st with 201.96 billion US$ worth import volume. Except 2009, Turkey's trade volumes have constantly increased.

Turkey's trade volumes with the Altai states are stated in Table 56;

Table 56. Export Volumes of Turkey to the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan	Total
2005	528,076	459,946	89,529	99,771	180,635	151,071	1,509,028
2006	695,287	696,823	132,172	155,966	281,325	175,995	2,137,568
2007	1,047,668	1,079,887	181,311	152,311	339,989	225,612	3,026,778
2008	1,667,362	890,602	191,351	271,254	662,937	336,977	4,020,483
2009	1,398,470	633,503	140,085	234,828	944,917	279,064	3,630,867

Note. Data retrieved from ITC (2011)

Considering Turkey's exports, in 2007 and 2008, the Altai states' part was respectively 2.82 % and 3.04 % only. Azerbaijan took the biggest part of this share with a rate of 41.47 % followed by Kazakhstan (22.15 %) and Turkmenistan (16.47 %) in 2008. Creating an economic union should highly increase this share of 3 % for Turkey. These volumes are dramatically low than they should be. In 2008, total export volume of Turkey to the Altai states had been 4 billion US$.

Turkey's import volumes from the Altai states are given in Table 57.

Table 57. Import Volumes of Turkey from the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan	Total
2005	272,256	558,900	14,113	3,485,389	160,744	261,466	4,752,868
2006	340,481	993,728	27,455	3,556,269	189,924	415,841	5,523,698
2007	329,647	1,284,049	45,020	4,369,903	396,723	613,810	7,039,152
2008	928,421	2,331,992	47,974	4,091,119	389,305	580,810	8,369,621
2009	752,842	1,077,078	31,446	3,116,078	330,739	412,973	5,721,156

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of Turkey's imports was only 4.13 % and 4.14 % in 2008. Korea took the most share with 48.80 % followed by Kazakhstan with 27.86 % and Azerbaijan 11.09 % in 2008. In 2008, the total import volume of Turkey from the Altai states had been 8.37 billion US$.

Turkey's total trade volumes and trade balances are presented in Table 58.

Table 58. Total Trade Volumes and Balances of Turkey (Thousand US$)

Year	Trade Volume	Year	Balance
2005	190,257,018	2005	-43,300,970
2006	225,109,445	2006	-54,041,485
2007	277,343,056	2007	-62,783,398
2008	333,961,016	2008	-69,959,150
2009	243,004,866	2009	-38,731,302

Note. Data retrieved from ITC (2011)

Turkey has always experienced the highest trade deficits among the Altai states. Turkey's trade deficit in 2008 was recorded as 69.9 billion US$ which had been the highest rate of her history. Within this, total trade volume of Turkey was 333.96 billion US$ in 2008.

Turkey's total trade volumes with the Altai states are indicated in Table 59.

Table 59. Total Trade Volumes of Turkey with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan	Total
2005	800,332	1,018,846	103,642	3,585,160	341,379	412,537	6,261,896
2006	1,035,768	1,690,551	159,627	3,712,235	471,249	591,836	7,661,266
2007	1,377,315	2,363,936	226,331	4,522,214	736,712	839,422	10,065,930
2008	2,595,783	3,222,594	239,325	4,362,373	1,052,242	917,787	12,390,104
2009	2,151,312	1,710,581	171,531	3,350,906	1,275,656	692,037	9,352,023

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Turkey was respectively 3.62 % and 3.71 % only. Korea's part in that ratio was respectively 44.92 % and 36.48 %. The total trade volume had been 12 billion US$ in 2008.

Turkey's trade balances with the Altai states are indicated in Table 60.

Table 60. Trade Balances of Turkey with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan	Total
2005	255,820	-98,954	75,416	-3,385,618	19,891	-110,395	-3,243,840
2006	354,806	-296,905	104,717	-3,400,303	91,401	-239,846	-3,386,130
2007	718,021	-204,162	136,291	-4,217,592	-56,734	-388,198	-4,012,374
2008	738,941	-1,441,390	143,377	-3,819,865	273,632	-243,833	-4,349,138
2009	645,628	-443,575	108,639	-2,881,250	614,178	-133,909	-2,090,289

Note. Data retrieved from ITC (2011)

Turkey could only have a trade surplus with Azerbaijan, Kyrgyzstan and Turkmenistan. The total trade deficit of Turkey had been 4.35 billion US$ in 2008 which is more than her exports to other the Altai states.

In the following pages, Turkey's sectoral exports to each Altai state will be analyzed based on HS Codes with two digits. For every country, after export volumes to each state, imports will be indicated as well.

Turkey's sectoral exports and imports to/from the Altai states on sectoral basis are presented in the tables below.

Table 61. Turkey's Sectoral Exports to Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	68,652	96,927	148,667	215,799	159,970
73	Articles of Iron	26,686	50,124	66,689	155,225	116,244
85	Electrical	40,297	58,429	101,514	148,714	123,659
39	Plastics	54,115	64,760	98,006	143,153	135,428
87	Vehicles	16,804	41,032	99,405	142,558	45,822
94	Furniture, lighting	17,175	24,275	43,243	83,546	91,661
25	Salt, sulphur	10,746	15,755	29,644	83,194	30,215
48	Paper	21,403	23,894	26,673	49,002	48,331
72	Iron and Steel	18,918	14,511	17,504	48,502	22,767
34	Soaps	9,186	11,752	13,449	40,115	47,350
	Total	528,076	695,287	1,047,668	1,667,362	1,398,470

Note. Data retrieved from ITC (2011)

Turkey exported machinery (12.94 %), articles of iron (9.30 %), electrical products (8.91 %), plastics (8.58 %), vehicles (8.54 %), furniture (5.01 %), salts (4.98 %), paper (2.93 %), iron and steel (2.90 %) and soaps (2.40 %) in 2008.

Table 62. Turkey's Sectoral Imports from Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	201,777	209,480	222,027	805,030	665,658
39	Plastics	24,183	46,037	27,749	53,474	6,845
74	Copper	10,040	39,470	36,627	22,604	9,813
76	Aluminum	8,020	6,834	9,372	20,297	39,849
29	Organic Chemical	1,724	6,458	5,273	8,906	5,463
41	Raw Hides	10,897	10,531	8,551	8,319	6,187
72	Iron and Steel	2,370	1,244	676	2,975	107
78	Lead	21	66	761	1,643	800
87	Vehicles	2	15	22	1,368	1,111
52	Cotton	7,690	10,396	13,105	1,058	14,426
	Total	272,256	340,481	329,647	928,421	752,842

Note. Data retrieved from ITC (2011)

In return, Turkey bought crude oil (86.70 %), plastics (5.75 %), copper (2.43 %), aluminum (2.18 %) and organic chemicals (0.95 %) from Azerbaijan in 2008.

Table 63. Turkey's Sectoral Exports to Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
85	Electrical	53,958	105,527	158,461	143,187	82,086
84	Machinery, boilers	66,358	104,913	168,884	112,122	82,327
39	Plastics	59,099	78,637	109,525	88,134	76,451
73	Articles of Iron	32,814	56,429	107,840	87,117	41,422
71	Pearls	16,659	16,414	31,797	50,852	36,767
94	Furniture, lighting	24,249	40,604	50,334	38,282	35,550
76	Aluminum	18,334	24,081	33,886	35,893	13,502
27	Mineral fuels, oils	1,565	2,108	13,608	28,110	8,807
87	Vehicles	11,482	23,743	66,822	19,991	13,811
68	Stone, plaster	5,477	6,715	14,260	19,253	9,513
	Total	459,946	696,823	1,079,887	890,602	633,503

Note. Data retrieved from ITC (2011)

In Turkey's exports to Kazakhstan, many sectors took part; these are electronics (16.07 %), machinery (12.58 %), plastics (9.89 %), articles of iron (9.78 %), pearls (5.70 %), furniture (4.29 %) and aluminum (4.03 %).

Table 64. Turkey's Sectoral Imports from Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
74	Copper	330,844	577,492	722,801	862,752	482,184
27	Mineral fuels, oils	110,177	126,990	170,203	677,241	340,994
10	Cereals	16,038	27,383	176,070	450,192	69,698
72	Iron and Steel	11,406	99,870	54,842	115,683	40,865
79	Zinc	46,257	127,641	128,894	85,046	89,120
76	Aluminum	744	1,829	1,405	63,947	34,092
78	Lead	27,905	11,595	7,967	39,680	6,080
28	Inorganic Chemical	36	1,439	706	14,606	397
25	Salt, sulphur	812	4,242	8,727	9,448	3,372
52	Cotton	3,429	4,464	4,733	6,256	1,461
	Total	558,900	993,728	1,284,049	2,331,992	1,077,078

Note. Data retrieved from ITC (2011)

Turkey imported a good volume of products from Kazakhstan, including copper (36.99 %), oil, and gas (29.04 %), cereals (19.30 %), zinc (3.64 %), aluminum (2.74 %) and lead (1.70 %). These volumes show the richness of Kazakhstan in elements.

Table 65. Turkey's Sectoral Exports to Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
57	Carpets	11,322	16,605	26,227	45,561	18,968
61	Articles knit	10,397	15,092	16,590	16,952	16,781
84	Machinery, boilers	4,150	7,064	13,902	16,948	13,401
18	Cocoa	3,059	4,768	10,678	16,174	9,559
39	Plastics	6,474	7,031	10,543	13,194	10,477
71	Pearls	15,722	23,410	33,344	12,797	7,543
85	Electrical	4,288	7,743	10,924	11,670	10,583
17	Sugars	5,262	7,361	9,142	8,319	2,840
62	Articles not knit	4,200	10,006	7,078	3,752	3,340
34	Soaps	1,891	2,349	3,085	3,694	3,717
	Total	89,529	132,172	181,311	191,351	140,085

Note. Data retrieved from ITC (2011)

Carpets (23.81 %) were the main exported products from Turkey to Kyrgyzstan. They were followed by knit textile (8.85 %), machinery (8.85 %), cocoa (8.45 %), plastics (6.89 %) and pearls (6.68 %).

Table 66. Turkey's Sectoral Imports from Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
7	Edible Vegetable	8,564	18,448	29,104	23,431	21,212
8	Edible Fruit	1,571	3,467	7,786	14,254	5,636
52	Cotton	196	1,670	3,452	3,998	2,477
5	Animal Products	706	931	1,389	2,228	452
10	Cereals	0	0	0	2,220	0
44	Wood	138	349	184	392	64
51	Wool	226	613	395	324	228
84	Machinery, boilers	67	10	15	233	32
12	Oil seed	392	142	432	196	83
55	Manmade staple	4	0	1,211	190	0
	Total	14,113	27,455	45,020	47,974	31,446

Note. Data retrieved from ITC (2011)

Turkey mostly imported agricultural products from Kyrgyzstan, including edible vegetables (48.84 %), edible fruits (29.71 %), cotton (8.33 %), animal fats (4.64 %) and cereals (4.62 %).

Table 67. Turkey's Sectoral Exports to South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	25	11	234	77,784	34,968
84	Machinery, boilers	17,688	24,281	27,291	24,676	16,949
74	Copper	131	7,968	100	15,553	2,833
89	Ships, boats	1	0	0	13,500	19
52	Cotton	7,213	8,616	11,683	10,492	7,732
85	Electrical	2,855	4,780	3,921	9,759	10,452
26	Ores, slag and ash	0	0	10,291	9,202	467
25	Salt, sulphur	4,510	3,287	6,765	8,209	7,918
24	Tobacco	5,175	11,852	7,930	8,161	11,963
68	Stone, plaster	1,773	2,974	5,045	7,892	5,621
	Total	99,771	155,966	152,311	271,254	234,828

Note. Data retrieved from ITC (2011)

Turkey sold mostly derivatives of oil (28.67 %), machinery (9.09 %), copper (5.72 %) ships (4.97 %) and cotton (3.86 %) to Korea in 2008.

Table 68. Turkey's Sectoral Imports from South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	778,390	741,334	777,508	717,679	488,420
85	Electrical	805,962	878,146	1,196,365	699,493	534,190
84	Machinery, boilers	716,994	820,031	774,698	677,201	520,692
39	Plastics	214,593	276,048	412,798	459,148	313,527
72	Iron and Steel	70,024	103,907	195,302	338,952	252,808
27	Mineral fuels, oils	180	39,460	194,357	169,739	15,317
40	Rubber	85,236	99,435	127,918	169,273	103,474
54	Manmade Filament	238,761	197,849	192,312	155,666	120,102
86	Railway	0	25	3,813	125,970	81,370
90	Optical, photo	71,124	70,855	72,658	82,621	48,012
	Total	3,485,389	3,556,269	4,369,903	4,091,119	3,116,078

Note. Data retrieved from ITC (2011)

In return, Turkey had suffered a big trade deficit with Korea, caused by the imports of vehicles (17.54 %), electronics (17.09 %), machinery (16.55 %), plastics (11.22 %), iron and steel (8.28 %), not crude oil (4.14 %) and rubber (4.13 %).

Table 69. Turkey's Sectoral Exports to Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
72	Iron and Steel	2,533	9,744	39,003	99,299	45,560
73	Articles of Iron	19,166	28,578	29,031	82,111	162,196
85	Electrical	19,699	40,632	47,981	80,109	181,786
84	Machinery, boilers	18,351	44,174	49,916	66,788	107,965
94	Furniture, lighting	11,988	15,819	17,304	43,943	63,312
39	Plastics	15,746	17,246	20,466	42,886	61,577
68	Stone, plaster	6,381	12,880	17,241	24,598	29,291
76	Aluminum	9,963	15,998	10,332	23,572	38,253
71	Pearls	7	20	511	22,185	4,462
44	Wood	5,103	9,842	8,631	17,434	28,738
	Total	180,635	281,325	339,989	662,937	944,917

Note. Data retrieved from ITC (2011)

Turkey's strong iron and steel sector took the biggest share of exports to Turkmenistan (14.97 %) with its articles (12.38 %), followed by electronics (12.08 %), machinery (10.07 %), furniture (6.62 %) and plastics (6.46 %).

Table 70. Turkey's Sectoral Imports from Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	33,523	32,736	186,509	225,992	142,822
52	Cotton	96,946	143,109	172,899	126,412	148,444
39	Plastics	20,606	4,944	24,394	30,014	28,052
41	Raw Hides	1,354	3,722	7,580	2,797	1,499
60	Knitted fabric	3,519	2,276	1,601	1,583	1,995
62	Articles, not knit	968	1,202	1,212	730	824
58	Special woven	1,572	1,098	1,158	493	581
84	Machinery, boilers	148	15	59	404	112
5	Animal Products	0	0	0	274	367
95	Toys	0	0	0	201	0
	Total	160,744	189,924	396,723	389,305	330,739

Note. Data retrieved from ITC (2011)

Turkmenistan exported mostly oil (58.05 %), cotton (32.47 %) and plastics (7.70 %) to Turkey. Turkey doesn't buy petroleum gases from Turkmenistan.

Table 71. Turkey's Sectoral Exports to Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	27,226	46,292	46,534	71,205	58,837
87	Vehicles	5,359	2,365	6,986	40,860	33,462
39	Plastics	14,344	18,989	26,582	35,288	27,938
54	Manmade Filament	10,609	17,675	27,440	28,350	14,499
85	Electrical	9,040	8,967	12,917	21,867	15,053
73	Articles of Iron	4,980	5,349	7,319	11,863	8,332
32	Tanning, extracts	3,759	5,024	8,201	10,075	9,605
55	Manmade Staple	2,295	4,056	5,978	8,725	6,669
83	Misc. Base Metal	2,642	3,115	5,131	7,055	4,621
48	Paper	4,546	4,519	4,455	6,923	8,241
	Total	151,071	175,995	225,612	336,977	279,064

Note. Data retrieved from ITC (2011)

Turkey exported machines (21.13 %), vehicles (12.12 %), plastics (10.47 %), manmade filaments of textile (8.41 %) and electronics (6.48 %) to Uzbekistan.

Table 72. Turkey's Sectoral Imports from Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
74	Copper	137,708	246,244	352,299	345,809	237,524
52	Cotton	85,891	127,106	169,564	122,852	108,562
79	Zinc	953	30	33,224	41,695	7,539
27	Mineral fuels, oils	0	341	13,700	32,795	27,020
8	Edible Fruit	4,981	7,658	14,331	8,900	7,240
31	Fertilizers	10	1,125	1,156	6,956	5,261
7	Edible Vegetables	2,079	2,173	5,023	4,473	3,502
61	Articles, knit	778	8,268	7,107	3,967	2,195
28	Inorganic Chemical	1,974	1,110	1,150	2,950	1,117
3	Fish	0	268	2,876	2,630	3,282
	Total	261,466	415,841	613,810	580,810	412,973

Note. Data retrieved from ITC (2011)

Turkey bought some copper element (59.50 %), cotton (21.15 %), zinc (7.17 %) and oils (5.64 %) in 2008.

Data for Turkey proves that many export products of Turkey can be exported to various the Altai states as they all have different preferences from Turkey.

The second candidate of the Altai Union, Azerbaijan's trade volumes are presented in Table 73.

Table 73. Total Export and Import Volumes of Azerbaijan (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	4,347,084	96	2005	4,210,811	104
2006	6,372,058	89	2006	5,266,366	99
2007	6,058,203	94	2007	5,711,852	109
2008	47,756,141	58	2008	7,161,546	107
2009	14,688,632	70	2009	6,118,765	105

Note. Data retrieved from ITC (2011)

Azerbaijan export volume ranged between 4 and 6 billion US$ until 2008. With a shift of crude oil exports to Italy, it jumped to 47 billion US$ in 2008 carrying Azerbaijan up to 58th place in the world. In return, Azerbaijan had a low import volume of 7 billion US$ by 2008 which ranked her 107th in the world.

Azerbaijan's trade volumes with the Altai states are presented in Table 74.

Table 74. Export Volumes of Azerbaijan to the Altai states (Thousand US$)

Year	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	17,166	1,835	489	275,959	273,584	2,844	571,877
2006	105,656	7,032	68,354	388,145	9,525	6,858	585,570
2007	127,594	2,698	124,771	1,056,323	13,600	4,455	1,329,441
2008	290,249	3,585	696,815	626,157	21,002	7,454	1,645,262
2009	142,149	4,558	148,168	107,588	37,477	5,769	445,709

Note. Data retrieved from ITC (2011)

In 2007, 21.94 % of the exports were made to the Altai states; in 2008 the export volume increased but the percentage fell to 3.44 %. Turkey takes the most important part among the Altai states and she is followed by South Korea and Kazakhstan. Turkey's part in the Altai states was 79.41 % in 2007 and 38.05 % in 2008. Total volume had been 1.64 billion US$ in 2008.

Table 75 presents imports volumes of Azerbaijan from other the Altai states.

Table 75. Import Volumes of Azerbaijan from the Altai states (Thousand US$)

Year	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	95,345	1,533	41,632	313,002	242,945	99,801	794,258
2006	127,252	475	46,933	385,040	369,007	27,489	956,196
2007	222,294	924	91,556	624,692	40,294	19,131	998,891
2008	200,052	1,342	162,619	807,343	51,559	22,439	1,245,354
2009	63,618	752	124,920	906,072	26,172	12,366	1,133,900

Note. Data retrieved from ITC (2011)

In 2007, the Altai states could only take part in 17.48 % of Azerbaijan imports and 17.39 % in 2008. Turkey took the lead between the Altai states with 62.50 % in 2007 and 64.82 % in 2008 followed by Kazakhstan and South Korea. Total volume was 1.24 billion US$ in 2008.

Total trade volumes and balances of Azerbaijan are given in Table 76.

Table 76. Total Trade Volumes and Balances of Azerbaijan (Thousand US$)

Year	Trade Volume	Year	Balance
2005	8,557,895	2005	136,273
2006	11,638,424	2006	1,105,692
2007	11,700,055	2007	346,351
2008	54,917,687	2008	40,594,595
2009	20,807,397	2009	8,569,867

Note. Data retrieved from ITC (2011)

Azerbaijan had a slight trade surplus until 2008, and a giant surplus of 40 billion US$ in 2008. Table 77 indicates her trade volumes with the Altai states.

Table 77. Total Trade Volumes of Azerbaijan with the Altai states (Thousand US$)

Year	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	112,511	3,368	42,121	588,961	516,529	102,645	1,366,135
2006	232,908	7,507	115,287	773,185	378,532	34,347	1,541,766
2007	349,888	3,622	216,327	1,681,015	53,894	23,586	2,328,332
2008	490,301	4,927	859,434	1,433,500	72,561	29,893	2,890,616
2009	205,767	5,310	273,088	1,013,660	63,649	18,135	1,579,609

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Azerbaijan was respectively 19.90 % and 5.26 %. Turkey's part in that ratio was respectively 72.19 % and 49.59 %. Total volume was 2.89 billion US$ in 2008.

Table 78. Trade Balances of Azerbaijan with the Altai states (Thousand US$)

Year	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	-78,179	302	-41,143	-37,043	30,639	-96,957	-222,381
2006	-21,596	6,557	21,421	3,105	-359,482	-20,631	-370,626
2007	-94,700	1,774	33,215	431,631	-26,694	-14,676	330,550
2008	90,197	2,243	534,196	-181,186	-30,557	-14,985	399,908
2009	78,531	3,806	23,248	-798,484	11,305	-6,597	-688,191

Note. Data retrieved from ITC (2011)

Surprisingly, in some years Azerbaijan has had trade deficit and some years, a trade surplus. The main reasons are oil prices and unstable economy. As oil is the most exported product with 80-90 % in total, there are no back-up goods. Only stable surplus is with Kyrgyzstan and stable deficit with Uzbekistan, but in fact the volumes are so low, just a few million dollars.

Azerbaijan's sectoral trade volumes with the Altai states on sectoral basis are presented in the tables below.

Table 79. Azerbaijan's Sectoral Exports to Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
73	Articles of Iron	393	10,170	9,102	160,297	76,840
89	Ships, boats	0	72,237	89,953	96,338	39,928
27	Mineral fuels, oils	9,228	13,017	13,828	13,746	10,872
68	Stone, plaster	463	99	0	3,970	470
94	Furniture, lighting	1,121	1,382	3,784	3,839	4,208
39	Plastics	659	659	825	3,508	2,597
84	Machinery, boilers	2,053	3,494	6,793	3,417	673
87	Vehicles	483	194	120	666	56
18	Cocoa	268	464	928	637	171
20	Food preparations	230	522	586	533	959
	Total	17,166	105,656	127,594	290,249	142,149

Note. Data retrieved from ITC (2011)

Sectors are ordered considering 2008 volumes. Azerbaijan mostly exports articles of iron (55.22 %) and there is a developing ship building industry which took the 2nd place. Low volumes of mineral fuels, crude oil, stone, plaster, furniture, plastics and machinery were also exported to Kazakhstan.

Table 80. Azerbaijan's Sectoral Imports from Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
10	Cereals	14,842	53,169	196,011	154,388	43,120
72	Iron and Steel	4,961	10,179	11,909	16,575	8,338
25	Salt, sulphur	2,302	3,049	3,533	7,184	7,154
31	Fertilizers	0	0	0	7,063	0
73	Articles of Iron	406	1,713	6,678	3,779	275
11	Milling Products	0	0	2,390	3,573	0
85	Electrical	1,970	1,137	428	1,513	293
39	Plastics	1,088	2,360	589	1,463	1,921
74	Copper	1	2	0	1,066	0
90	Optical, photo	2,207	373	18	824	19
	Total	95,345	127,252	222,294	200,052	63,618

Note. Data retrieved from ITC (2011)

Regarding imports, a huge volume of cereals were encountered which took 77.17 % of the total import volume from Kazakhstan. Cereals are followed by iron and steel, salt and sulphurs and fertilizers, respectively by 8.52 %, 3.59 % and 3.53 %. The total imports of Azerbaijan from Kazakhstan was 200 million US$ in 2008.

Table 81. Azerbaijan's Sectoral Exports to Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
17	Sugars	0	0	10	2,211	3,024
39	Plastics	690	980	1.086	938	167
94	Furniture, lighting	0	27	137	201	119
84	Machinery, boilers	0	138	1,441	180	161
19	Cereal prepar.	0	0	0	54	34
20	Food preparations	0	1	0	0	0
	Total	1,835	7,032	2,698	3,585	4,558

Note. Data retrieved from ITC (2011)

Kyrgyzstan's cannot be stated as a trade partner for Azerbaijan, the highest exported product is sugar with 2,211,000 US$ and the rest is mostly under one million.

Table 82. Azerbaijan's Sectoral Imports from Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
30	Pharmaceutical	0	0	137	671	0
84	Machinery, boilers	51	18	68	528	304
85	Electrical	1,074	353	593	101	339
12	Oil seed	2	16	104	12	0
48	Paper	0	12	0	9	81
	Total	1,533	475	924	1,342	752

Note. Data retrieved from ITC (2011)

Considering imports, there are no products valued more than a million US$, just a low volume of pharmaceuticals.

Table 83. Azerbaijan's Sectoral Exports to South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	0	66,423	124,423	696,773	148,168
12	Oil seed	0	0	36	42	0
	Total	489	68,354	124,771	696,815	148,168

Note. Data retrieved from ITC (2011)

Table 84. Azerbaijan's Sectoral Imports from South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	11,854	19,457	43,788	96,391	83,029
84	Machinery, boilers	10,005	8,505	23,929	31,823	20,907
39	Plastics	9,898	13,347	15,847	24,774	10,942
85	Electrical	2,357	2,579	2,881	2,633	3,396
72	Iron and Steel	0	148	1,174	2,363	1,610
90	Optical, photo	391	1,362	972	1,198	626
40	Rubber	50	48	237	790	581
73	Articles of Iron	4,599	120	100	625	1,444
57	Carpets	0	0	0	450	203
30	Pharmaceutical	235	327	1,153	325	246
	Total	41,632	46,933	91,556	162,619	124,920

Note. Data retrieved from ITC (2011)

Azerbaijan could only export crude oil to South Korea, while Korea exported vehicles (59.27 %), machinery (19.57 %) and plastics (15.27 %) to Azerbaijan in 2008. Electrical and electronic products could only take 1.62 % of the total imports.

Table 85. Azerbaijan's Sectoral Exports to Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral Fuels, oils	202,795	301,348	972,244	504,312	65,930
76	Aluminum	7,915	8,066	20,986	51,528	3,927
39	Plastics	26,985	32,982	22,944	39,541	6,305
41	Raw hides, skins	2,102	3,214	7,569	8,321	7,294
74	Copper	5,320	10,976	11,385	8,138	3,372
29	Organic Chemicals	2,277	5,516	5,061	6,555	3,359
12	Oil seed	3,148	1,991	2,319	1,966	746
84	Machinery, boilers	900	223	893	1,503	443
72	Iron and Steel	149	662	504	875	0
44	Wood	279	314	596	589	508
	Total	275,959	388,145	1,056,323	626,157	107,588

Note. Data retrieved from ITC (2011)

Azerbaijan's exports to Turkey mostly consisted of crude oils with 80.54 %, followed by aluminum products (8.22 %) and plastics (6.31%) in 2008. However, this rate of oil was 92.04 % in 2007.

Table 86. Azerbaijan's Sectoral Imports from Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	43,090	72,335	108,198	130,596	111,564
87	Vehicles	15,795	40,786	110,560	126,026	50,224
73	Articles of Iron	14,967	30,174	41,408	107,874	140,386
85	Electrical	55,289	44,549	102,782	93,957	199,463
25	Salt, sulphur	2,136	4,662	15,126	37,984	17,831
48	Paper	12,087	17,639	22,570	35,471	37,756
34	Soaps	11,318	17,489	24,586	34,758	41,028
94	Furniture, lighting	12,898	13,950	25,358	26,086	28,802
39	Plastics	11,572	13,634	17,668	22,580	32,911
72	Iron and Steel	15,138	6,669	9,501	20,334	26,766
	Total	313,002	385,040	624,692	807,343	906,072

Note. Data retrieved from ITC (2011)

Turkey's exports to Azerbaijan are more equally divided led by machinery (16.17 %), followed by vehicles (15.61 %), articles of iron (13.36 %), electrical, electronic products (11.63 %), salt, sulphur derivates (4.70 %) and paper (4.42 %).

Table 87. Azerbaijan's Sectoral Exports to Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
17	Sugars	0	1,280	4,866	9,832	17,628
84	Machinery, boilers	2,230	175	941	5,410	7,606
89	Ships, boats	264,840	935	3.170	1,566	6,609
73	Articles of Iron	2,566	4,566	283	11	959
63	Other made textile	0	431	863	739	774
82	Tools for base metal	114	0	0	363	616
20	Food preparations	16	0	16	50	600
39	Plastics	878	778	122	685	520
15	Animal oils, fats	176	0	150	539	481
87	Vehicles	1,589	687	1,273	281	476
	Total	273,584	9,525	13,600	21,002	37,477

Note. Data retrieved from ITC (2011)

Like with Kyrgyzstan, the most exported product of Azerbaijan to Turkmenistan is sugar (46.08 %) followed by machinery and ships. But volumes are very low and the total is only 21,002,000 US$.

Table 88. Azerbaijan's Sectoral Imports from Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	236,128	89,544	21,487	31,099	12,712
39	Plastics	4,958	13,911	17,809	17,636	12,373
25	Salt, sulphur	865	918	886	1,332	1,029
16	Food Preparations	0	0	0	3	29
8	Edible Fruit	0	0	42	8	19
52	Cotton	386	126	29	0	8
63	Other Textile	0	1	1	1	2
84	Machinery, boilers	69	24	15	0	1
85	Electrical	6	1	30	0	0
86	Railway	16	0	0	0	0
	Total	242,945	369,007	40,294	51,559	26,172

Note. Data retrieved from ITC (2011)

Natural gas is also included in HS Code 27. HS 4 Digit 2709 defines crude oils and 2711 defines natural gases. Azerbaijan imports mostly natural gas (60.31 %) and plastics (34.20 %) from Turkmenistan.

Table 89. Azerbaijan's Sectoral Exports to Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	60	0	291	37	2,433
17	Sugars	0	0	0	1,594	1,444
84	Machinery, boilers	569	2,890	1,930	3,596	569
39	Plastics	1,518	2,832	692	658	505
32	Tanning, pigments	90	194	488	516	277
38	Misc. Chemicals	123	45	129	154	187
29	Organic Chemicals	215	131	60	483	167
70	Glass	1	26	56	28	79
63	Other made textile	0	1	0	0	49
18	Cocoa	0	0	0	0	29
	Total	2,844	6,858	4,455	7,454	5,769

Note. Data retrieved from ITC (2011)

Azerbaijan mostly exports oil, sugars and machinery to Uzbekistan. But volumes have not been stable during the years. Machinery rate was 48.24 %, sugar rate 21.38 % in 2008, while oil took the lead in 2009 with 42.17 %.

Table 90. Azerbaijan's Sectoral Imports from Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
88	Aircraft	5,001	0	6,680	161	5,230
87	Vehicles	1,738	4,071	5,780	10,361	4,275
8	Edible fruit	206	219	297	544	814
74	Copper	0	64	10	110	812
12	Oil seed	253	242	196	217	452
84	Machinery, boilers	376	308	347	515	223
7	Edible vegetables	92	303	207	60	129
30	Pharmaceutical	0	0	60	171	104
27	Mineral fuels, oils	90,789	19,023	301	272	94
25	Salt, sulphur	2	17	1,574	65	90
	Total	99,801	27,489	19,131	22,439	12,366

Note. Data retrieved from ITC (2011)

There were imports of aircrafts in 2005, 2007 and 2009 from Uzbekistan about five million US$. But mostly imported products are Uzbek vehicles 46.17 % and other products are not needed to be stated as their volume is very low.

As a result, Azerbaijan's exports are always based on crude oil, therefore Azerbaijan must structure new trade policies with the supervision of the Altai Union.

The third candidate Kazakhstan's trade volumes are given in Table 91.

Table 91. Total Export and Import Volumes of Kazakhstan (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	27,848,813	53	2005	17,351,267	62
2006	38,245,397	53	2006	23,662,108	54
2007	47,755,276	52	2007	32,755,280	52
2008	71,171,720	44	2008	37,814,218	57
2009	43,195,323	51	2009	28,407,701	58

Note. Data retrieved from ITC (2011)

Kazakhstan experienced the best trade volumes in Central Asia. Her exports increased from 47 billion US$ in 2007 to 71 billion US$ in 2008 and she was ranked 44th in the world. In return, Kazakhstan's import volume was the highest in Central Asia as well with a total volume of 37 billion US$ in 2008 (ranked 57th).

Export volumes of Kazakhstan to other the Altai states are given in Table 92.

Table 92. Export Volumes of Kazakhstan to the Altai states (Thousand US$)

Year	Azerbaijan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	129,067	225,275	187,527	156,975	17,332	242,564	958,740
2006	226,386	267,643	215,016	348,200	20,689	384,583	1,462,517
2007	318,849	354,543	217,408	934,365	77,863	871,733	2,774,761
2008	208,860	436,810	330,879	1,903,764	217,598	1,272,045	4,369,956
2009	91,514	390,496	131,708	791,832	108,949	891,846	2,406,345

Note. Data retrieved from ITC (2011)

In 2007, only 5.81 % of the exports were made to the Altai states and it increased to 6.14 % by 2008. Turkey was the most important partner for Kazakhstan's exports between the Altai states with a share of 33.67 % in 2007 and 43.56 %. Uzbekistan followed Turkey with a share of 29.10 % in 2008. Total export volume of Kazakhstan to the Altai states was about 4.3 billion US$ similar to Turkey's.

Import volumes of Kazakhstan from other the Altai states are presented in Table 93.

Table 93. Import Volumes of Kazakhstan from the Altai states (Thousand US$)

Year	Azerbaijan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	21,292	118,587	256,121	399,737	50,732	254,456	1,100,925
2006	70,810	138,887	358,879	558,265	132,610	319,090	1,578,541
2007	86,597	175,854	625,915	958,803	142,732	538,470	2,528,371
2008	256,715	171,168	423,222	970,750	220,322	516,081	2,558,258
2009	145,442	116,477	373,898	570,875	61,388	304,414	1,572,494

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of Kazakhstan's imports was 7.72 % and 6.76 % in 2008. Turkey took the lead between other the Altai states with a share of 37.92 % in 2007 and 37.94 % in 2008. Similar ratios for years in rows show that industrialization, production and trade of both states are stable.

The trade volumes and balances of Kazakhstan are presented in Table 94.

Table 94. Total Trade Volumes and Balances of Kazakhstan (Thousand US$)

Year	Trade Volume	Year	Balance
2005	45,200,080	2005	10,497,546
2006	61,907,505	2006	14,583,289
2007	80,510,556	2007	14,999,996
2008	108,985,938	2008	33,357,502
2009	71,603,024	2009	14,787,622

Note. Data retrieved from ITC (2011)

Table 95. Total Trade Volumes of Kazakhstan with the Altai states (Thousand US$)

Year	Azerbaijan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	150,359	343,862	443,648	556,712	68,064	497,020	2,059,665
2006	297,196	406,530	573,895	906,465	153,299	703,673	3,041,058
2007	405,446	530,397	843,323	1,893,168	220,595	1,410,203	5,303,132
2008	465,575	607,978	754,101	2,874,514	437,920	1,788,126	6,928,214
2009	236,956	506,973	505,606	1,362,707	170,337	1,196,260	3,978,839

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Kazakhstan was respectively 6.58 % and 6.35 %. Turkey's part in that ratio was respectively 35.69 % and 41.49 %. Total volume was 6.9 billion US$ in 2008.

The trade balances of Kazakhstan with other the Altai states are given in Table 96.

Table 96. Trade Balances of Kazakhstan with the Altai states (Thousand US$)

Year	Azerbaijan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	107,775	106,688	-68,594	-242,762	-33,400	-11,892	-142,185
2006	155,576	128,756	-143,863	-210,065	-111,921	65,493	-116,024
2007	232,252	178,689	-408,507	-24,438	-64,869	333,263	246,390
2008	-47,855	265,642	-92,343	933,014	-2,724	755,964	1,811,698
2009	-53,928	274,019	-242,190	220,957	47,561	587,432	833,851

Note. Data retrieved from ITC (2011)

Kazakhstan had a trade deficit of her trade with Azerbaijan in 2008 and 2009, with Korea from 2005 to 2009, with Turkey from 2005 to 2007, with Turkmenistan from 2005 to 2008 and with Uzbekistan only in 2005. Total trade surplus of Kazakhstan with the Altai states in 2008 was 1.8 billion US$. Half of this volume was provided by her trade with Turkey.

Kazakhstan's sectoral trade volumes with the Altai states on sectoral basis are presented in the tables below.

Table 97. Kazakhstan's Sectoral Exports to Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
10	Cereals	17,282	59,119	188,046	121,406	39,485
72	Iron and Steel	13,733	24,068	42,400	43,381	33,937
27	Mineral fuels, oils	77,600	54,034	5	9,522	40
31	Fertilizers	0	12	113	4,529	0
25	Salt, sulphur	1,276	1,328	2,030	4,185	3,835
73	Articles of Iron	3,192	4,096	6,573	3,737	2,015
84	Machinery, boilers	4,872	3,022	5,048	3,704	3,569
11	Milling products	0	0	3,065	3,299	0
87	Vehicles	101	158	355	2,934	1,296
85	Electrical	2,127	921	1,928	2,519	721
	Total	129,067	226,386	318,849	208,860	91,514

Note. Data retrieved from ITC (2011)

It is necessary to state one more time, while on the subject of Azerbaijan, bilateral volumes of exports-imports declared by Azerbaijan were analyzed, but numbers declared by Kazakhstan is not same for every product and in total, therefore in Kazakhstan topic, numbers declared by Kazakhstan are taken into account against discrepancies.

As it is stated before cereals are the main export products of Kazakhstan to Azerbaijan with a share of 58.12 %, followed by iron and steel with 20.77 %.

Table 98. Kazakhstan's Sectoral Imports from Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
73	Articles of Iron	668	12,264	9,339	165,241	68,812
89	Ships, boats	0	14,360	41,257	36,264	42,413
27	Mineral fuels, oils	7,197	14,369	14,886	13,711	9,949
90	Optical, photo	1,623	7,104	3,869	11,039	1,553
86	Railway	154	2,274	1,996	6,460	64
84	Machinery, boilers	4,829	12,641	5,488	5,865	8,194
94	Furniture, lighting	1,140	1,899	3,395	4,688	4,603
68	Stone, plaster	217	345	5	4,029	486
39	Plastics	652	785	796	3,639	2,589
85	Electrical	689	1,930	1,950	751	1,336
	Total	21,292	70,810	86,597	256,715	145,442

Note. Data retrieved from ITC (2011)

Import products of Kazakhstan from Azerbaijan were stated before, the volumes are close and products are same regarding the declaration of both sides.

Table 99. Kazakhstan's Sectoral Exports to Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	88,484	50,773	97,084	83,204	89,578
10	Cereals	14,119	23,077	69,274	83,143	57,935
11	Milling Products	7,692	7,480	13,865	40,361	16,000
28	Inorganic Chemicals	706	1,149	4,997	26,374	68,346
24	Tobacco	9,248	15,245	20,048	20,848	17,507
22	Beverages	7,268	6,202	10,152	13,047	11,884
74	Copper	1,518	2,535	8,720	12,651	428
25	Salt, sulphur	8,425	11,168	11,292	12,605	4,295
84	Machinery, boilers	5,240	6,961	9,788	12,526	4,907
15	Animal, veg. Prod.	7,347	7,961	11,251	12,165	14,620
	Total	225,275	267,643	354,543	436,810	390,496

Note. Data retrieved from ITC (2011)

Kazakhstan and Kyrgyzstan who have signed a FTA share many products. Kazakhstan mostly exports crude oil (19.04 %), cereals (19.03 %), milling products (9.24 %), inorganic chemicals (6.03 %), tobacco (4.77 %), beverages (2.98 %) and copper, salts, machineries with a similar ratio of 2.88 % for each.

Table 100. Kazakhstan's Sectoral Imports from Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
25	Salt, sulphur	13,465	21,506	39,207	46,865	1,062
27	Mineral fuels, oils	20,840	24,089	27,121	27,614	40,082
4	Dairy products	12,712	17,209	22,029	26,720	21,333
15	Animal, veg. Prod.	1,696	8,319	8,310	10,890	7,226
84	Machinery, boilers	4,651	4,405	6,311	7,655	5,209
48	Paper	1,871	2,300	4,493	5,876	5,333
68	Stone, plaster	5,580	6,345	6,405	5,692	3,310
85	Electrical	4,199	4,677	5,984	5,615	3,402
39	Plastics	12,482	12,465	14,567	5,197	4,238
70	Glass	11,306	8,982	9,213	4,000	1,380
	Total	118,587	138,887	175,854	171,168	116,477

Note. Data retrieved from ITC (2011)

Meanwhile, Kazakhstan buys salt, sulphur (27.38 %), mineral fuels, oil (16.13 %), dairy products like eggs (15.61 %) and animal fats, vegetable products (6.36 %).

Table 101. Kazakhstan's Sectoral Exports to South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
72	Iron and Steel	125,958	123,634	101,559	264,401	108,600
74	Copper	10,548	1,259	43,681	44,784	19,571
71	Pearls	43,604	87,867	67,835	17,014	17
28	Inorganic Chemicals	1,531	1,262	3,747	4,191	1,763
11	Milling Products	0	0	0	152	0
84	Machinery, boilers	3	9	84	85	741
22	Beverages	0	0	0	46	1
94	Furniture, lighting	8	1	7	36	52
85	Electrical	1,062	65	38	30	296
81	Other base metals	2	0	0	25	368
	Total	187,527	215,016	217,408	330,879	131,708

Note. Data retrieved from ITC (2011)

Kazakhstan exported about 264 million US$ valued iron and steel to South Korea which counted for 79.90 %, followed by copper with 13.53 % and pearls, precious metals with 5.14 %. Total exports reached 330 million US$.

Table 102. Kazakhstan's Sectoral Imports from South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	108,560	110,099	160,741	115,191	67,525
87	Vehicles	47,334	71,983	167,104	73,945	28,340
39	Plastics	17,107	34,348	72,456	72,061	74,282
85	Electrical	30,471	41,836	101,654	65,424	65,825
73	Articles of Iron	23,535	61,920	17,301	21,037	56,951
90	Optical, photo	5,014	5,850	14,844	11,555	14,467
72	Iron and Steel	3,719	4,978	12,672	9,998	11,954
24	Tobacco	4,517	6,731	5,045	9,785	10,485
40	Rubber	1,388	2,766	4,974	6,601	5,126
74	Copper	334	658	5,589	4,961	1,859
	Total	256,121	358,879	625,915	423,222	373,898

Note. Data retrieved from ITC (2011)

Machinery, boilers and nuclear reactors took the lead with 27.21 % for Kazakhstan's imports, followed by Korean vehicles (17.47 %), plastics (17.02 %), electronic products (15.45 %), articles of iron (4.97 %), optical, photo apparatus (2.73 %).

Table 103. Kazakhstan's Sectoral Exports to Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	80.664	130.349	394.062	1.025.448	381.469
72	Iron and Steel	29.150	42.864	25.274	332.525	240.634
10	Cereals	13.073	64.311	128.457	189.408	82.737
88	Aircraft	226	93	42.412	133.979	0
79	Zinc	0	48.461	250.705	111.434	44.290
74	Copper	6.088	48.676	80.002	90.891	29.194
52	Cotton	2.112	3.764	3.764	4.167	1.019
31	Fertilizers	71	488	1.688	2.608	77
84	Machinery, boilers	6.843	553	213	2.519	4.584
28	Inorganic chemicals	0	227	593	1.808	44
	Total	156.975	348.200	934.365	1.903.764	791.832

Note. Data retrieved from ITC (2011)

Kazakhstan has mostly exported crude oils to Turkey especially in 2008 with a share of 53.86 %. Strong iron and steel industry of Kazakhstan took part with 17.46 %, followed by cereals (9.94 %), aircrafts (7.03 %) and zinc (5.85 %).

Table 104. Kazakhstan's Sectoral Imports from Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	97.030	121.847	197.997	166.873	87.940
73	Articles of Iron	42.841	57.090	135.010	145.804	60.372
85	Electrical	42.479	75.255	152.766	134.301	74.932
88	Aircraft	1.134	178	499	88.818	42.488
39	Plastics	31.631	44.562	59.601	55.308	40.367
94	Furniture, lighting	27.341	47.603	54.960	44.501	35.059
76	Aluminum	19.478	20.142	35.273	39.262	13.223
68	Stone, plaster	6.996	7.078	17.633	25.601	13.067
87	Vehicles	19.868	35.060	79.542	25.228	17.027
70	Glass	6.637	8.060	14.720	17.747	7.175
	Total	399.737	558.265	958.803	970.750	570.875

Note. Data retrieved from ITC (2011)

Kazakhstan mostly imported machinery (17.19 %), articles of iron (15.02 %), electronic products like Vestel, Beko (13.83 %), aircrafts (9.15 %), plastics (5.69 %), furniture (4.58 %), aluminum (4,04 %) and stone, plaster (2.63 %) .

Table 105. Kazakhstan's Sectoral Exports to Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
10	Cereals	2	298	39.779	143.163	40.741
73	Articles of Iron	1.179	1.126	8.536	20.589	3.362
25	Salt, Sulphur	3.842	3.319	9.158	13.754	8.954
72	Iron and Steel	97	87	1.562	9.590	6.265
11	Milling Products	737	3.135	8.169	6.521	6.786
87	Vehicles	826	567	83	5.479	16.549
24	Tobacco	3.021	3.258	3.232	4.519	5.155
90	Optical, photo	505	568	198	2.494	949
39	Plastics	262	130	411	1.969	459
68	Stone, plaster	207	64	627	1.726	2.646
	Total	17.332	20.689	77.863	217.598	108.949

Note. Data retrieved from ITC (2011)

Kazakhstan mostly exported cereals to Turkmenistan like she did to other Central Asian states with a share of 65.79 %, articles of iron (9.46 %) and salts (6.32 %).

Table 106. Kazakhstan's Sectoral Imports from Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	46.676	109.542	131.583	210.453	47.001
28	Inorganic Chemicals	699	1.226	1	4.733	28
89	Ships, boats	0	3.373	0	1.431	3.663
63	Other made textile	0	89	141	781	0
84	Machinery, boilers	261	12.381	2.323	577	1.163
39	Plastics	403	1.891	1.784	418	3.671
25	Salt, sulphur	270	699	0	413	119
61	Articles of apparel	0	1	62	385	0
38	Misc. Chemical Prod	112	344	269	345	575
73	Articles of Iron	59	214	831	181	373
	Total	50.732	132.610	142.732	220.322	61.388

Note. Data retrieved from ITC (2011)

Kazakhstan mostly bought natural gas from Turkmenistan with a rate of 95.52 % and a small amount of inorganic chemicals (2.14 %).

Table 107. Kazakhstan's Sectoral Exports to Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Minerals fuels, oils	78.461	128.853	336.915	477.001	433.894
11	Milling Products	66.752	72.468	160.361	298.750	266.912
73	Articles of Iron	1.688	2.754	61.147	142.375	4.713
26	Ores, slag and ash	14.509	86.245	178.095	77.507	27.066
88	Aircraft	24.637	32.674	50.542	69.507	73.541
10	Cereals	0	0	187	60.230	50
25	Salt, sulphur	8.853	14.888	25.127	55.153	28.187
84	Machinery, boilers	8.999	9.986	15.345	20.877	26.135
23	Residues	2.623	4.237	5.379	12.556	13.479
39	Plastics	465	1.038	2.485	6.932	5.682
	Total	242.564	384.583	871.733	1.272.045	891.846

Note. Data retrieved from ITC (2011)

Kazakhstan exports various products to Uzbekistan. In 2008, she exported 477 million US$ crude oil with a share of 37.49 %, milling products (23.48 %), articles of iron (11.19 %), ores (6.09 %), aircraft (5.46 %) and cereals (4.73 %)

Table 108. Kazakhstan's Sectoral Imports from Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	142.763	129.452	178.207	227.050	181.417
72	Iron and Steel	32.226	44.283	88.505	87.480	14.203
25	Salt, sulphur	11.620	25.876	94.434	75.188	23.096
31	Fertilizers	4.644	4.743	14.130	32.302	14.777
70	Glass	3.947	14.669	20.578	13.880	9.465
85	Electrical	5.511	10.183	17.897	10.886	1.935
87	Vehicles	11.333	24.272	35.444	9.289	9.672
20	Food preparations	3.136	3.441	5.170	8.567	5.620
28	Inorganic Chemicals	4.381	5.837	6.780	6.638	4.503
39	Plastics	5.813	6.486	7.283	5.220	10.007
	Total	254.456	319.090	538.470	516.081	304.414

Note. Data retrieved from ITC (2011)

And Kazakhstan mostly bought natural gas from Uzbekistan with a share of 43.99 %, iron and steel (16.95 %), salt, sulphur (14.56 %), fertilizers (6.25 %) and glass (2.68 %).

As a result, Kazakhstan is the most developed economy of Central Asia, with various industrial and agricultural sectors, as well as vast energy resources. Kazakhstan should be considered as the locomotive of Central Asia.

The fourth candidate of the Altai Union, Kyrgyzstan's export and import volumes are given in Table 109.

Table 109. Total Export and Import Volumes of Kyrgyzstan (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	671,940	148	2005	1,107,444	161
2006	794,029	147	2006	1,717,808	150
2007	1,134,129	141	2007	2,416,604	147
2008	1,617,490	139	2008	4,071,956	132
2009	1,178,215	139	2009	2,973,500	138

Note. Data retrieved from ITC (2011)

Kyrgyzstan has the lowest export volumes among other the Altai states with 1.61 billion US$ only (ranked 139th). Within this, her import volume was about 4 billion US$ which ranks her 132th in the world.

Export volumes of Kyrgyzstan to other the Altai states are presented in Table 110.

Table 110. Export Volumes of Kyrgyzstan to the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	1,903	116,135	1,252	18,178	2,831	17,095	157,394
2006	1,891	162,638	2,053	27,226	2,140	27,856	223,804
2007	2,696	204,582	3,120	42,957	1,919	85,672	340,946
2008	2,640	184,074	995	44,852	4,288	232,107	468,956
2009	1,224	119,246	512	37,663	4,221	166,610	329,476

Note. Data retrieved from ITC (2011)

In 2007, 30.06 % of her total exports of 1.134 billion US$ were made to the Altai states, that ratio fell to 28.99 %. In 2007, best partner between the Altai states was Kazakhstan with 60.00 % of the total Altai and in 2008; Uzbekistan took the lead with 49.49 %. Meanwhile Turkey's volume was around 9.56 %.

Import volumes of Kyrgyzstan are presented in Table 111.

Table 111. Import Volumes of Kyrgyzstan from the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	1,851	180,435	27,805	33,699	13,041	60,112	316,943
2006	7,670	199,796	29,065	39,467	1,768	65,000	342,766
2007	1,991	312,405	39,058	50,919	1,289	120,856	526,518
2008	10,483	376,491	83,215	91,111	2,233	160,077	723,610
2009	5,157	275,168	51,274	72,699	1,183	114,423	519,904

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of Kyrgyzstan's imports was 21.78 % and 17.77 % in 2008. Kazakhstan took the lead between other the Altai states with a share of 59.33 % in 2007 and 52.02 % in 2008 followed by Uzbekistan with 22.12 %.

Total trade volumes and balance of Kyrgyzstan are indicated in Table 112.

Table 112. Total Trade Volumes and Balances of Kyrgyzstan (Thousand US$)

Year	Trade Volume	Year	Balance
2005	1,779,384	2005	-435,504
2006	2,511,837	2006	-923,779
2007	3,550,733	2007	-1,282,475
2008	5,689,446	2008	-2,454,466
2009	4,151,715	2009	-1,795,285

Note. Data retrieved from ITC (2011)

Kyrgyzstan has always faced trade deficits more than her total export volume. Total trade volume of Kyrgyzstan was 5.68 billion US$ in 2008 and faced a trade deficit of 2.4 billion US$. Total trade volumes of Kyrgyzstan with other the Altai states are given in Table 113.

Table 113. Total Trade Volumes of Kyrgyzstan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	3,754	296,570	29,057	51,877	15,872	77,207	474,337
2006	9,561	362,434	31,118	66,693	3,908	92,856	566,570
2007	4,687	516,987	42,178	93,876	3,208	206,528	867,464
2008	13,123	560,565	84,210	135,963	6,521	392,184	1,192,566
2009	6,381	394,414	51,786	110,362	5,404	281,033	849,380

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Kyrgyzstan was respectively 24.43 % and 20.96 %. Kazakhstan's part in that ratio was respectively 59.59 % and 47.00 % creating a trade deficit for Kyrgyzstan. Kyrgyzstan had a trade surplus with Turkmenistan and Uzbekistan only.

Kyrgyzstan's trade balances with other the Altai states are presented in Table 114.

Table 114. Trade Balances of Kyrgyzstan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	South Korea	Turkey	Turkmenistan	Uzbekistan	Total
2005	52	-64,300	-26,553	-15,521	-10,210	-43,017	-159,549
2006	-5,779	-37,158	-27,012	-12,241	372	-37,144	-118,962
2007	705	-107,823	-35,938	-7,962	630	-35,184	-185,572
2008	-7,843	-192,417	-82,220	-46,259	2,055	72,030	-254,654
2009	-3,933	-155,922	-50,762	-35,036	3,038	52,187	-190,428

Note. Data retrieved from ITC (2011)

Kyrgyzstan could only have trade surplus with Turkmenistan from 2006 to 2009 and Uzbekistan in 2008 and 2009. Total trade deficit of Kyrgyzstan was 254 million US$ and 192 million of it was caused by her trade with Kazakhstan.

Kyrgyzstan's sectoral trade volumes with the Altai states on sectoral basis are presented in the tables below.

Table 115. Kyrgyzstan's Sectoral Exports to Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
85	Electrical	1,336	1,589	1,730	2,276	1,045
30	Pharmaceutical	35	0	35	149	52
8	Edible Fruit	37	66	291	91	0
27	Mineral fuels, oils	1	42	63	67	23
7	Edible Vegetables	0	0	0	27	0
84	Machinery, boilers	81	4	19	11	0
48	Paper	0	12	0	9	73
12	Oil seed	0	41	64	5	0
87	Vehicles	19	7	484	5	0
88	Aircraft	28	61	0	0	0
	Total	1,903	1,891	2,696	2,640	1,224

Note. Data retrieved from ITC (2011)

Kyrgyzstan could only export electrical and electronic products worth of two million US$ to Azerbaijan and very low volumes of pharmaceuticals. The share of electrical products was 86. 21 %.

Table 116. Kyrgyzstan's Sectoral Imports from Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	0	154	341	7,135	16
17	Sugars	0	0	0	2,154	3,429
39	Plastics	751	786	1,508	972	180
94	Furniture, lighting	0	27	112	167	154
19	Cereal, flour	0	0	0	54	38
20	Vegetable prep.	0	4	0	0	0
21	Misc. Edible Prep.	0	0	0	0	0
22	Beverages	0	0	0	0	0
23	Residues	0	0	0	0	0
24	Tobacco	0	0	0	0	0
	Total	1,851	7,670	1,991	10,483	5,157

Note. Data retrieved from ITC (2011)

Kyrgyzstan imported mostly machinery (68.06 %), sugars (20.54 %) and plastics (9.27 %) from Azerbaijan.

Table 117. Kyrgyzstan's Sectoral Exports to Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
25	Salt, sulphur	13,074	21,412	39,153	47,070	1,091
4	Dairy Products	12,784	18,744	22,731	28,321	21,408
27	Mineral fuels, oils	12,925	24,534	26,474	28,304	38,480
15	Animal fats, oils	1,785	8,192	9,143	10,568	6,853
84	Machinery, boilers	5,655	11,567	7,574	9,916	7,351
48	Paper	1,979	2,554	4,458	6,234	6,018
68	Stone, plaster	5,424	6,189	6,554	5,622	3,002
39	Plastics	12,750	16,290	14,780	5,446	4,671
85	Electrical	4,463	7,062	6,555	5,320	5,161
70	Glass	12,739	7,941	9,605	4,434	1,544
	Total	116,135	162,638	204,582	184,074	119,246

Note. Data retrieved from ITC (2011)

After that FTA, Kyrgyzstan's trade has been very active with Kazakhstan. Mostly exported products are salt, sulphur (25.57 %), dairy products (15.38 %), oils (15.37 %), animals' fats, oils (5.74 %) and machinery (5.38 %) in 2008.

Table 118. Kyrgyzstan's Sectoral Imports from Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
10	Cereals	14,834	24,848	69,663	84,307	61,522
27	Mineral fuels, oils	75,486	53,975	85,193	67,639	74,473
11	Milling products	8,160	7,841	12,682	41,040	18,470
99	Not elsewhere	49	31	6,098	23,052	0
24	Tobacco	9,099	15,036	20,242	20,825	17,638
22	Beverages	5,488	6,913	11,252	15,958	13,059
25	Salt, sulphur	10,195	12,652	11,876	15,028	4,344
74	Copper	1,476	3,392	8,638	12,619	429
15	Animal fats, oils	6,475	7,996	11,121	12,228	14,469
17	Sugars	13,493	20,929	12,634	10,513	3,968
	Total	180,435	199,796	312,405	376,491	275,168

Note. Data retrieved from ITC (2011)

Within this, Kyrgyzstan imported cereals (22.39 %), crude oil (17.96 %), milling products (10.90 %), tobacco (5.51 %) and products not elsewhere specified (6.12 %).

Table 119. Kyrgyzstan's Sectoral Exports to South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
10	Cereals	0	286	552	404	0
99	Not Elsewhere	0	0	65	207	0
27	Mineral fuels, oils	474	612	90	142	54
87	Vehicles	3	0	0	140	25
12	Oil seed	39	54	35	28	52
72	Iron and Steel	0	0	0	21	0
25	Salt, sulphur	19	1	14	18	3
23	Residues	6	6	0	13	0
95	Toys, games	0	0	0	8	0
28	Inorganic Chemicals	0	10	12	6	0
	Total	1,252	2,053	3,120	995	512

Note. Data retrieved from ITC (2011)

Kyrgyzstan could only export very low volumes to South Korea and those could not even pass half of a million US$.

Table 120. Kyrgyzstan's Sectoral Imports from South Korea (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	456	927	2,837	39,394	21,399
39	Plastics	14,114	16,063	17,091	15,034	9,251
24	Tobacco	7,686	3,094	4,641	5,469	3,331
84	Machinery, boilers	2,104	2,353	6,054	4,572	4,742
62	Textile, not knit	238	33	13	3,400	89
73	Articles of Iron	9	8	668	3,227	2,437
85	Electrical	447	2,258	1,996	2,915	1,665
72	Iron and Steel	0	0	13	2,617	2,368
40	Rubber	593	1,099	1,749	1,401	854
86	Railway	329	1,154	1,149	1,363	1,309
	Total	27,805	29,065	39,058	83,215	51,274

Note. Data retrieved from ITC (2011)

In return, Kyrgyzstan imported vehicles (47.34 %), plastics (18.06 %), tobacco (6.57 %), machinery (5.49 %) and textile (4.08 %) from South Korea.

Table 121. Kyrgyzstan's Sectoral Exports to Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
7	Edible Vegetables	7,605	15,128	22,180	17,568	21,175
27	Mineral fuels, oils	5,342	5,467	8,686	16,858	9,335
8	Edible Fruit	1,201	1,977	5,025	5,742	1,971
52	Cotton	202	1,225	3,515	2,473	2,747
51	Wool	223	584	1,668	428	228
5	Animal Products	545	458	334	334	113
71	Pearls	0	0	125	301	231
84	Machinery, boilers	164	447	21	246	44
61	Textile, knit	1	8	0	185	0
20	Food Preparations	1	42	2	135	1
	Total	18,178	27,226	42,957	44,852	37,663

Note. Data retrieved from ITC (2011)

Kyrgyzstan exported edible vegetables (39.18 %), mineral fuels, oils (37.58 %), edible fruits like nuts (12.80 %) and cotton (5.51 %) to Turkey.

Table 122. Kyrgyzstan's Sectoral Imports from Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	6,076	9,478	13,413	16,672	10,297
61	Textile, knit	1,005	1,310	107	11,330	7,041
71	Pearls	110	148	54	6,206	331
85	Electrical	2,721	4,457	3,833	5,959	4,642
39	Plastics	3,251	4,670	4,467	5,747	5,865
62	Textile, not knit	538	228	56	4,585	3,337
57	Carpets	1,584	1,710	2,359	4,530	3,883
64	Footwear	594	363	197	2,607	2,265
30	Pharmaceutical	69	158	247	2,484	5,158
34	Soaps	976	1,441	1,763	2,327	3,585
	Total	33,699	39,467	50,919	91,111	72,699

Note. Data retrieved from ITC (2011)

In return, Kyrgyzstan imported machinery (18.29 %), knit textile (12.43 %), pearls (6.81 %), electronic products (6.54 %), plastics (6.30 %), not knit textile (5.03 %) and carpets (4.97 %) from Turkey with a total volume of 91 million US$ in 2008.

Table 123. Kyrgyzstan's Sectoral Exports to Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
85	Electrical	1,270	1,147	1,284	2,324	2,069
68	Stone, plaster	493	618	322	580	0
10	Cereals	0	0	0	473	0
39	Plastics	863	143	157	308	585
87	Vehicles	3	205	32	124	169
84	Machinery, boilers	172	0	9	86	20
22	Beverages	0	0	0	78	109
33	Cosmetics	0	0	15	74	47
62	Textile, not knit	0	0	43	55	39
73	Articles of Iron	0	0	6	55	16
	Total	2,831	2,140	1,919	4,288	4,221

Note. Data retrieved from ITC (2011)

Kyrgyzstan exported some electronic products to Turkmenistan with a share of 54.19 % and the rest consisted of other products with small volumes.

Table 124. Kyrgyzstan's Sectoral Imports from Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
39	Plastics	910	1,285	1,065	1,161	1,055
15	Animal fats, oils	0	0	0	1,003	46
52	Cotton	0	0	0	68	18
53	Vegetable textile	0	0	0	0	0
54	Manmade filament	0	0	0	0	0
55	Manmade staple	0	0	0	0	0
56	Wadding, felt	0	0	0	0	0
57	Carpets	0	0	0	0	7
58	Special woven	0	0	0	0	0
59	Impregnated fab.	0	0	0	0	0
	Total	13,041	1,768	1,289	2,233	1,183

Note. Data retrieved from ITC (2011)

In 2008, Kyrgyzstan imported only plastics (51.99 %) and animal fats (44.91 %) from Turkmenistan with a total volume of 2.23 million US$.

Table 125. Kyrgyzstan's Sectoral Exports to Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	182	1,002	50,987	194,506	124,061
85	Electrical	2,893	2,957	4,785	7,016	5,294
84	Machinery, boilers	1,038	5,828	12,363	6,529	3,323
87	Vehicles	4,211	4,494	3,128	3,929	10,628
25	Salt, sulphur	2,706	3,771	3,811	3,779	6,029
72	Iron and Steel	2,162	2,918	4,568	3,433	1,290
40	Rubber	0	0	2	2,701	6,811
82	Tools for base metal	0	0	0	2,493	1,132
1	Live Animals	803	1,092	1,297	1,785	0
55	Manmade staple	108	0	181	1,610	529
	Total	17,095	27,856	85,672	232,107	166,610

Note. Data retrieved from ITC (2011)

Kyrgyzstan mostly exported crude oil (83.80 %) to Turkmenistan in 2008 with a volume of 194.5 million US$ followed by electronic products (3.02 %).

Table 126. Kyrgyzstan's Sectoral Imports from Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	35,796	45,216	80,087	114,348	72,413
31	Fertilizers	8,972	7,702	19,483	20,251	8,807
25	Salt, sulphur	4,261	5,369	10,295	12,584	18,261
86	Railway	75	14	1	1,807	129
85	Electrical	258	378	322	1,230	1,245
87	Vehicles	230	290	851	1,206	401
52	Cotton	2	59	369	1,170	988
28	Inorganic Chemical	134	175	164	832	1,225
70	Glass	262	515	683	786	569
22	Beverages	144	436	505	651	415
	Total	60,112	65,000	120,856	160,077	114,423

Note. Data retrieved from ITC (2011)

In return, Kyrgyzstan imported natural gas (71.43 %) from Uzbekistan with a volume of 114.3 million US$ followed by fertilizers (12.65 %) and salts (7.86 %). The total volume reached 160 million US$.

As a result, Kyrgyzstan has a small economy with low resources and unindustrialized. Kyrgyzstan can be stated as the weakest link of the Altai Union and needs special attention for her future development.

The fifth candidate of the Altai Union, South Korea's trade volumes are presented in Table 127.

Table 127. Total Export and Import Volumes of South Korea (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	284,378,967	12	2005	261,234,976	13
2006	325,467,349	12	2006	309,378,951	14
2007	371,483,573	11	2007	356,840,278	14
2008	422,002,868	12	2008	435,270,391	11
2009	363,530,171	10	2009	323,080,685	12

Note. Data retrieved from ITC (2011)

Recorded exports of South Korea are the biggest volumes of our union. 371.48 billion US$ in 2007 and 422.00 billion US$ in 2008 are such high volumes of export. Korea was ranked 12th biggest exporter and 11th biggest importer in the world by 2008. Korea's export volumes to other the Altai states are indicated in Table 128.

Table 128. Export Volumes of South Korea to the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	Turkey	Turkmenistan	Uzbekistan	Total
2005	32,240	272,558	66,517	2,782,025	6,449	493,095	3,652,884
2006	47,357	323,815	81,947	3,035,803	5,969	649,302	4,144,193
2007	130,307	545,978	125,611	4,087,436	6,884	748,302	5,644,518
2008	254,747	347,736	166,270	3,772,570	22,364	1,122,592	5,686,279
2009	149,557	307,993	100,094	2,660,688	66,262	1,149,783	4,434,377

Note. Data retrieved from ITC (2011)

The Altai states' part was 1.52 % in 2007 and 1.34 % in 2008. Turkey was the biggest Altai partner of Korea with 72.14 % in 2007 and 66.34 % in 2008 among the the Altai Union. Following Uzbekistan's share was 13.25 % and 19.74 % respectively.

Import volumes of Korea from other the Altai states are presented in Table 129.

Table 129. Import Volumes of South Korea from the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	Turkey	Turkmenistan	Uzbekistan	Total
2005	103	241,605	1,590	127,401	1,330	28,828	400,857
2006	13	275,882	1,318	194,333	1,790	40,087	513,423
2007	315,648	256,767	1,372	281,570	696	103,890	959,943
2008	12,422	350,457	2,640	361,913	177	262,934	990,543
2009	9,035	166,409	1,197	434,435	749	47,410	659,235

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of South Korea's imports was only 0.26 % and 0.22 % in 2008. the Altai states were close to each other in that share; Azerbaijan was the highest in 2007 with 32.88 %, while Turkey took the lead in 2008 with 36.53 %.

The total trade volumes and balances of Korea are given in Table 130.

Table 130. Total Trade Volumes and Balances of South Korea (Thousand US$)

Year	Trade Volume	Year	Balance
2005	545,613,943	2005	23,143,991
2006	634,846,300	2006	16,088,398
2007	728,323,851	2007	14,643,295
2008	857,273,259	2008	-13,267,523
2009	686,610,856	2009	40,449,486

Note. Data retrieved from ITC (2011)

Giant Korea's total trade volume was 857 billion US$ in 2008 by increasing ever year. Korea experienced a trade deficit only in 2008 (13 billion US$). Other years, even though the import volumes were very high, Korea had always exported more than her import volume.

Total trade volumes of Korea with other the Altai states are given in Table 131.

Table 131. Total Trade Volumes of South Korea with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	Turkey	Turkmenistan	Uzbekistan	Total
2005	32,343	514,163	68,107	2,909,426	7,779	521,923	4,053,741
2006	47,370	599,697	83,265	3,230,136	7,759	689,389	4,657,616
2007	445,955	802,745	126,983	4,369,006	7,580	852,192	6,604,461
2008	267,169	698,193	168,910	4,134,483	22,541	1,385,526	6,676,822
2009	158,592	474,402	101,291	3,095,123	67,011	1,197,193	5,093,612

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of South Korea was respectively 0.91 % and 0.77 % only. Turkey's part in that ratio was respectively 66.15 % and 61.92 %. Trade shares of the Altai states with Korea had been very low.

Trade balances of Korea with the Altai states are presented in Table 132.

Table 132. Trade Balances of South Korea with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	Turkey	Turkmenistan	Uzbekistan	Total
2005	32,137	30,953	64,927	2,654,624	5,119	464,267	3,252,027
2006	47,344	47,933	80,629	2,841,470	4,179	609,215	3,630,770
2007	-185,341	289,211	124,239	3,805,866	6,188	644,412	4,684,575
2008	242,325	-2,721	163,630	3,410,657	22,187	859,658	4,695,736
2009	140,522	141,584	98,897	2,226,253	65,513	1,102,373	3,775,142

Note. Data retrieved from ITC (2011)

South Korea had nearly always a trade surplus with the other the Altai states, except 2007 with Azerbaijan and 2008 with Kazakhstan. Total trade of surplus from the Altai states was 4.69 billion US$.

South Korea's sectoral trade volumes with the Altai states on sectoral basis are presented in the tables below.

Table 133. South Korea's Sectoral Exports to Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	16,792	28,186	90,836	197,826	115,333
39	Plastics	6,771	10,325	16,913	22,335	9,232
84	Machinery, boilers	4,344	5,640	12,382	19,935	11,624
85	Electrical	989	786	3,060	7,227	6,599
90	Optical, photo	1,077	1,385	3,374	3,529	3,498
40	Rubber	12	41	511	839	663
34	Soaps	10	58	270	530	430
22	Beverages	38	173	441	411	166
32	Tanning, extracts	244	208	254	404	150
57	Carpets	0	0	0	400	0
	Total	32,240	47,357	130,307	254,747	149,557

Note. Data retrieved from ITC (2011)

South Korea exported mostly vehicles to Azerbaijan with a share of 77.65 %, plastics (8.76 %), machinery (7.82 %) and electronics (2.83 %) in 2008.

Table 134. South Korea's Sectoral Imports from Azerbaijan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
76	Aluminum	0	0	407	12,209	8,990
12	Oil seed	0	0	24	199	0
22	Beverages	0	0	0	5	30
85	Electrical	1	0	5	3	7
63	Other made text.	0	0	0	2	3
84	Machinery, boilers	0	2	0	2	0
90	Optical, photo	0	8	1	1	3
39	Plastics	0	0	13	1	0
40	Rubber	1	0	0	0	0
27	Mineral fuels, oils	0	0	315,029	0	0
	Total	103	13	315,648	12,422	9,035

Note. Data retrieved from ITC (2011)

Azerbaijan could only export a low volume of aluminum to Korea (98.28 %). Also exported about 315 million US$ crude oil in 2007.

Table 135. South Korea's Sectoral Exports to Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	84,528	106,156	154,915	97,543	55,535
39	Plastics	21,150	41,505	65,608	60,930	68,818
87	Vehicles	42,752	65,735	132,784	56,063	22,410
85	Electrical	84,843	52,601	78,133	47,291	52,380
21	Misc. Edible Prep.	4,887	6,340	9,841	15,008	9,577
73	Articles of Iron	7,839	9,654	16,202	15,008	10,513
24	Tobacco	2,164	4,851	5,638	8,727	11,192
72	Iron and Steel	2,633	5,757	12,020	8,638	11,888
90	Optical, photo	3,763	5,085	6,040	8,050	16,867
40	Rubber	1,198	3,162	4,532	7,249	4,566
	Total	272,558	323,815	545,978	347,736	307,993

Note. Data retrieved from ITC (2011)

In 2008, Korea exported mostly machinery (28.05 %), plastics (17.52 %), vehicles (16.12 %), electronics (13.59 %) and edible preparations (4.31 %) to Kazakhstan.

Table 136. South Korea's Sectoral Imports from Kazakhstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
72	Iron and Steel	161,721	171,678	127,036	246,658	99,862
74	Copper	694	73	39,877	42,086	10,121
78	Lead	0	0	2,112	39,818	15,195
71	Pearls	43,675	86,330	67,973	15,821	25
28	Inorganic Chemical	1,590	1,503	3,794	5,120	31,250
84	Machinery, boilers	1	18	10	260	197
11	Milling Products	0	0	0	143	0
49	Printed Books	40	49	117	135	113
32	Tanning, extracts	574	589	1,509	116	71
76	Aluminum	20	40	23	59	1,536
	Total	241,605	275,882	256,767	350,457	166,409

Note. Data retrieved from ITC (2011)

In return, Korea imported iron and steel valued 246 million US$ with a share of 70.38 %, followed by copper (12.00 %), lead (11.36 %) and pearls (4.51 %).

Table 137. South Korea's Sectoral Exports to Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	7,799	17,468	32,600	58,436	22,177
60	Knitted fabric	22,510	35,066	44,285	55,936	40,520
39	Plastics	9,639	11,804	12,586	12,839	9,190
24	Tobacco	12,777	3,761	11,745	8,600	5,936
84	Machinery, boilers	1,835	1,404	5,772	5,364	4,911
72	Iron and Steel	0	2	4	3,667	687
21	Misc. Edible Prep.	425	1,299	2,592	3,257	1,953
61	Articles of Apparel	2,673	3,140	3,276	3,093	2,714
85	Electrical	255	1,615	3,290	3,091	2,274
40	Rubber	963	1,095	2,746	2,339	1,436
	Total	66,517	81,947	125,611	166,270	100,094

Note. Data retrieved from ITC (2011)

In 2008, Korea exported mostly vehicles (35.14 %), textile (33.64 %), plastics (7.72 %), and tobacco (5.17 %) to Kyrgyzstan.

Table 138. South Korea's Sectoral Imports from Kyrgyzstan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	1	16	210	1,811	0
10	Cereals	267	408	488	606	364
25	Salt, sulphur	43	9	28	43	0
89	Ships, boats	0	0	0	36	0
28	Inorganic Chemical	0	0	54	34	0
12	Oil seed	33	90	83	33	119
72	Iron and Steel	0	0	4	29	59
85	Electrical	65	23	198	28	78
23	Residues	24	14	10	10	0
62	Articles of Apparel	0	0	16	5	0
	Total	1,590	1,318	1,372	2,640	1,197

Note. Data retrieved from ITC (2011)

In return, Korea imported only very low volumes of machinery and cereals from Kyrgyzstan (2.64 million US$).

Table 139. South Korea's Sectoral Exports to Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	895,358	913,523	968,498	827,902	466,218
84	Machinery, boilers	461,186	560,578	595,305	577,424	402,521
39	Plastics	171,801	240,003	382,092	377,370	283,905
89	Ships, boats	93,447	3,766	317,031	350,674	265,831
72	Iron and Steel	69,469	105,664	238,522	333,473	231,337
85	Electrical	420,747	409,087	559,007	332,566	264,471
86	Railway	9	0	4,865	183,429	30,124
40	Rubber	61,636	77,995	95,681	133,240	90,431
54	Manmade Filament	198,058	162,930	166,707	132,793	102,187
90	Optical, photo	118,852	256,128	362,444	112,198	104,948
	Total	2,782,025	3,035,803	4,087,436	3,772,570	2,660,688

Note. Data retrieved from ITC (2011)

South Korea mostly exported vehicles (21.94 %), machinery (15.30 %), plastics (10.00 %), ships (9.29 %), iron and steel (8.83 %) and electrical products (8.81 %) to Turkey in 2008.

Table 140. South Korea's Sectoral Imports from Turkey (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
27	Mineral fuels, oils	11	30	96,009	111,089	151,868
84	Machinery, boilers	18,414	38,254	32,107	30,245	74,284
89	Ships, boats	3,862	0	0	19,212	28
62	Articles not knit	4,375	11,348	14,394	18,570	14,587
74	Copper	1	6,196	1,047	18,153	2,823
85	Electrical	4,282	6,674	5,103	15,439	16,458
61	Articles knit	4,538	10,181	8,807	10,579	8,786
25	Salt, sulphur	6,682	3,247	7,379	9,715	9,227
52	Cotton	7,132	9,374	9,482	9,376	7,909
24	Tobacco	5,429	12,154	7,945	8,318	12,498
	Total	127,401	194,333	281,570	361,913	434,435

Note. Data retrieved from ITC (2011)

South Korea imported some oil derivatives (30.69 %), machines (8.35 %), ships (5.30 %), some non-knit textile (5.13 %), copper (5.01 %) and electronics (4.26 %) from Turkey in 2008.

Table 141. South Korea's Sectoral Exports to Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
84	Machinery, boilers	2,964	3,657	2,599	6,403	12,997
39	Plastics	149	1,446	2,871	5,180	3,706
87	Vehicles	312	51	132	4,650	40,684
73	Articles of Iron	0	0	28	2,131	2,868
40	Rubber	246	0	126	1,977	739
85	Electrical	1,219	447	110	1,689	349
30	Pharmaceutical	100	0	16	164	614
71	Pearls	0	0	0	79	0
90	Optical, photo	54	0	0	48	192
20	Food Preparations	0	0	33	16	0
	Total	6,449	5,969	6,884	22,364	66,262

Note. Data retrieved from ITC (2011)

Korea's export volume to Turkmenistan is volume. Products were mostly machinery (28.63 %), plastics (23.16 %), vehicles (20.79 %), articles of iron (9.52 %), rubber (8.84 %) and electrical products (7.55 %) in 2008.

Table 142. South Korea's Sectoral Imports from Turkmenistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
52	Cotton	1,201	1,765	401	0	567
62	Articles not knit	110	0	257	81	102
63	Other made text.	0	25	22	45	42
39	Plastics	0	0	0	45	0
95	Toys	0	0	0	5	0
84	Machinery	11	0	5	1	0
85	Electrical	0	0	4	0	0
86	Railway	0	0	0	0	0
87	Vehicles	9	0	0	0	0
	Total	1,330	1,790	696	177	749

Note. Data retrieved from ITC (2011)

South Korea's import volume from Turkmenistan is nearly zero, nothing significant.

Table 143. South Korea's Sectoral Exports to Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
87	Vehicles	313,286	439,036	491,006	697,150	651,380
84	Machinery, boilers	87,129	105,779	116,914	185,389	231,290
39	Plastics	19,547	21,378	28,373	60,925	62,033
60	Knitted Fabric	8,525	15,296	24,032	41,139	46,455
85	Electrical	8,441	18,092	18,529	35,775	32,336
72	Iron and Steel	13,700	6,159	14,408	29,051	23,691
94	Furniture, lighting	14,116	10,285	14,205	18,360	14,865
32	Tanning, extracts	4,714	6,370	7,904	10,871	10,075
40	Rubber	3,464	5,355	5,930	9,589	9,374
73	Articles of Iron	2,562	2,578	2,941	5,965	4,218
	Total	493,095	649,302	748,302	1,122,592	1,149,783

Note. Data retrieved from ITC (2011)

Korea and Uzbekistan created a good volume of trade. Korea exported vehicles (62.10 %), machines (16.51 %), plastics (5.42 %), knitted fabrics (3.66 %) and electronics (3.18 %) in 2008.

Table 144. South Korea's Sectoral Imports from Uzbekistan (Thousand US$)

HS	Product	2005	2006	2007	2008	2009
28	Inorganic Chemical	0	17,119	65,167	236,815	29,504
52	Cotton	26,641	21,057	36,265	22,712	15,459
12	Oil seed	784	799	1,211	2,029	1,282
74	Copper	0	0	0	304	0
87	Vehicles	6	52	17	261	191
47	Pulp of Wood	0	4	23	233	0
7	Edible Vegetables	83	88	100	112	0
1	Live Animals	45	43	66	83	52
49	Printed Books	126	96	374	60	63
50	Silk	6	11	1	36	0
	Total	28,828	40,087	103,890	262,934	47,410

Note. Data retrieved from ITC (2011)

In return, Uzbekistan exported a good volume of inorganic chemicals (90.25 %) and their famous cotton (8.65 %) to Korea in 2008.

Korea is the locomotive of the Altai Union with various industries, even though she lacks of resources, Korea could manage to create giant export volumes. This proves the importance of Korea in the Altai Union.

The sixth candidate of the Altai Union is Turkmenistan. Turkmenistan's total trade volumes are presented in Table 145.

Table 145. Total Export and Import Volumes of Turkmenistan (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	4,820,988	90	2005	2,097,158	133
2006	5,441,346	94	2006	1,801,892	146
2007	6,468,070	91	2007	2,427,990	145
2008	9,085,750	86	2008	4,119,752	130
2009	2,154,177	119	2009	5,226,600	107

Note. Data retrieved from ITC (2011)

Turkmenistan's exports was ranked 86th in the world with a volume of 9 billion US$ in 2008. Import volume of Turkmenistan was 4.1 billion US$ in 2008 which ranked her 130th in the world. Export volumes of Turkmenistan with other the Altai states are given in Table 146.

Table 146. Export Volumes of Turkmenistan to the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Uzbekistan	Total
2005	242,945	50,732	13,041	1,330	160,744	N/A	468,792
2006	369,007	132,610	1,768	1,790	189,924	N/A	695,099
2007	40,294	142,732	1,289	696	396,723	N/A	581,734
2008	51,559	220,322	2,233	177	389,305	N/A	663,596
2009	26,172	61,388	1,183	749	330,739	N/A	420,231

Note. Data retrieved from ITC (2011)

In 2007 and 2008, the Altai states' part in Turkmenistan's exports was respectively 8.99 % and 7.30 % only. Turkey took the biggest part with a rate of 58.66 %. Bilateral trade volumes will not given for Turkmenistan and Uzbekistan, as there are only mirror data available which were given with other countries.

Import volumes of Turkmenistan from other the Altai states are presented in Table 147.

Table 147. Import Volumes of Turkmenistan from the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Uzbekistan	Total
2005	273,584	17,332	2,831	6,449	180,635	N/A	480,831
2006	9,525	20,689	2,140	5,969	281,325	N/A	319,648
2007	13,600	77,863	1,919	6,884	339,989	N/A	440,255
2008	21,002	217,598	4,288	22,364	662,937	N/A	928,189
2009	37,477	108,949	4,221	66,262	944,917	N/A	1,161,826

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of Turkmenistan's imports was 18.13 % and 22.53 % in 2008. Turkey took the most share with 71.42 %. Total import volume was 928 million US$ by 2008.

Total trade volumes of Turkmenistan are indicated in Table 148.

Table 148. Total Trade Volumes and Balances of Turkmenistan (Thousand US$)

Year	Trade Volume	Year	Balance
2005	6,918,146	2005	2,723,830
2006	7,243,238	2006	3,639,454
2007	8,896,060	2007	4,040,080
2008	13,205,502	2008	4,965,998
2009	7,380,777	2009	-3,072,423

Note. Data retrieved from ITC (2011)

Turkmenistan had a total trade volume of 13.2 billion US$ and could have a trade surplus of 4.9 billion US$ in 2008. Except 2009 crisis period, a sharp increase had been recorded every year.

Total trade volumes of Turkmenistan with other the Altai states are presented in Table 149.

Table 149. Total Trade Volumes of Turkmenistan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Uzbekistan	Total
2005	516,529	68,064	15,872	7,779	341,379	N/A	949,623
2006	378,532	153,299	3,908	7,759	471,249	N/A	1,014,747
2007	53,894	220,595	3,208	7,580	736,712	N/A	1,021,989
2008	72,561	437,920	6,521	22,541	1,052,242	N/A	1,591,785
2009	63,649	170,337	5,404	67,011	1,275,656	N/A	1,582,057

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Turkmenistan was respectively 11.48 % and 12.05 % only. Turkey's part in that ratio was respectively 72.08 % and 66.10 %. Turkmenistan could only have trade surplus with Azerbaijan and Kazakhstan in 2006, 2007 and 2008. Data with Uzbekistan are not available. Total volume was 1.59 billion US$ in 2008.

Finally, trade balances of Turkmenistan with other the Altai states are indicated in Table 150.

Table 150. Trade Balances of Turkmenistan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Uzbekistan	Total
2005	-30,639	33,400	10,210	-5,119	-19,891	N/A	-12,039
2006	359,482	111,921	-372	-4,179	-91,401	N/A	375,451
2007	26,694	64,869	-630	-6,188	56,734	N/A	141,479
2008	30,557	2,724	-2,055	-22,187	-273,632	N/A	-264,593
2009	-11,305	-47,561	-3,038	-65,513	-614,178	N/A	-741,595

Note. Data retrieved from ITC (2011)

Turkmenistan had a surplus with Azerbaijan from 2006 to 2008, with Kazakhstan from 2005 to 2008 and with Kyrgyzstan only in 2005. The rest had always been a trade deficit. Total trade deficit was 264 million US$ in 2008 which highly increased in 2009 crisis period.

As a result, Turkmenistan is a quite closed country with small trade volumes. Main engine of Turkmen economy is mineral fuels; therefore potential of this country should be well-directed towards industrialization.

The final candidate of the Altai Union, Uzbekistan's trade volumes are presented in Table 1511.

Table 151. Total Export and Import Volumes of Uzbekistan (Thousand US$)

Year	Export Volume	World Rank	Year	Import Volume	World Rank
2005	3,760,891	99	2005	3,292,182	113
2006	5,371,823	95	2006	4,086,256	113
2007	6,469,412	90	2007	6,373,207	101
2008	7,176,046	94	2008	9,079,621	96
2009	5,347,659	94	2009	8,077,886	91

Note. Data retrieved from ITC (2011)

Uzbekistan's exports was ranked 94th in the world with a volume of 7.1 billion US$ in 2008. In return, her import volume was 9 billion US$ which ranked her 96th in the world.

Export volumes of Uzbekistan to other the Altai states are indicated in Table 152.

Table 152. Export Volumes of Uzbekistan to the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Total
2005	99,801	254,456	60,112	28,828	261,466	N/A	704,663
2006	27,489	319,090	65,000	40,087	415,841	N/A	867,507
2007	19,131	538,470	120,856	103,890	613,810	N/A	1,396,157
2008	22,439	516,081	160,077	262,934	580,810	N/A	1,542,341
2009	12,366	304,414	114,423	47,410	412,973	N/A	891,586

Note. Data retrieved from ITC (2011)

In 2007 and 2008, the Altai states' part was respectively 21.58 % and 21.49 % only. Turkey took the biggest part with a rate of 37.65 % followed by Kazakhstan

(33.46 %). There are no data for bilateral trade with Turkmenistan. Total volume was 1.54 billion US$ in 2008.

Import volumes of Uzbekistan from other the Altai states are presented in Table 153.

Table 153. Import Volumes of Uzbekistan from the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Total
2005	2,844	242,564	17,095	493,095	151,071	N/A	906,669
2006	6,858	384,583	27,856	649,302	175,995	N/A	1,244,594
2007	4,455	871,733	85,672	748,302	225,612	N/A	1,935,774
2008	7,454	1,272,045	232,107	1,122,592	336,977	N/A	2,971,175
2009	5,769	891,846	166,610	1,149,783	279,064	N/A	2,493,072

Note. Data retrieved from ITC (2011)

In 2007, the Altai states' share of Uzbekistan's imports was 30.37 % and 32.72 % in 2008. Kazakhstan took the biggest share with 42.81 % followed by Korea (37.78 %).

Total trade volumes of Uzbekistan are presented in Table 154.

Table 154. Total Trade Volumes and Balances of Uzbekistan (Thousand US$)

Year	Trade Volume	Year	Balance
2005	7,053,073	2005	468,709
2006	9,458,079	2006	1,285,567
2007	12,842,619	2007	96,205
2008	16,255,667	2008	-1,903,575
2009	13,425,545	2009	-2,730,227

Note. Data retrieved from ITC (2011)

Total trade volume of Uzbekistan was 16 billion US$ with sharp increases every year. Uzbekistan had always a trade surplus except 2008 where her trade deficit was 1.9 billion US$.

Additionally, total trade volumes of Uzbekistan with other the Altai states are presented in Table 155.

Table 155. Total Trade Volumes of Uzbekistan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Total
2005	102,645	497,020	77,207	521,923	412,537	N/A	1,611,332
2006	34,347	703,673	92,856	689,389	591,836	N/A	2,112,101
2007	23,586	1,410,203	206,528	852,192	839,422	N/A	3,331,931
2008	29,893	1,788,126	392,184	1,385,526	917,787	N/A	4,513,516
2009	18,135	1,196,260	281,033	1,197,193	692,037	N/A	3,384,658

Note. Data retrieved from ITC (2011)

Considering 2007 and 2008; the Altai states' part in total trade volumes of Uzbekistan was respectively 25.94 % and 27.76 % only. Kazakhstan's part in that ratio was respectively 42.32 % and 39.61 %. The total volume was 4.51 billion US$ by 2008.

Finally, the trade balances of Uzbekistan with other the Altai states are given in Table 156.

Table 156. Trade Balances of Uzbekistan with the Altai states (Thousand US$)

Year	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkey	Turkmenistan	Total
2005	96,957	11,892	43,017	-464,267	110,395	N/A	-202,006
2006	20,631	-65,493	37,144	-609,215	239,846	N/A	-377,087
2007	14,676	-333,263	35,184	-644,412	388,198	N/A	-539,617
2008	14,985	-755,964	-72,030	-859,658	243,833	N/A	-1,428,834
2009	6,597	-587,432	-52,187	-1,102,373	133,909	N/A	-1,601,486

Note. Data retrieved from ITC (2011)

Uzbekistan could have a trade surplus with only Azerbaijan and Turkey from 2005 to 2009. Within this, she faced trade deficits with other the Altai states which reached totally 1.42 billion US$ by 2008.

As a result, Uzbekistan is the highest populated Central Asian country, with rich resources, but country is much closed and not well-governed. Country's car and cotton sectors are important but there are many opportunities especially with her neighbor to create new industries.

In this part of the study, it is seen that Altai countries don't have enough trade volumes with each other. There are several reasons for this problem such as the lack of knowledge, closeness of economies, undeveloped industries, inefficient uses of resources, lack of internet users, disadvantages of transportation costs and non-existing export strategies. The aim of the the Altai Union is to create a much higher trade volume among these member states as well as, to develop their economies in order to obtain a solid power which is not going to be just a regional force.

This chapter will be completed by analyzing top sectors of each of the Altai states, as well as including their trade partners. Tourism, agriculture, metals and elements sectors will be given separately at the end of the chapter.

Sector Analysis

In this part of the chapter, Top 10 import and exports sectors of each of the Altai states will be analyzed on HS 2 Digits basis. Data between 2005 and 2009 has been gathered but only 2007 and 2008 will be given, to keep it shorter. Then Top 5 partner analysis will be made for all industries and for the first import and export sectors separately. It is also possible to observe percentages of these sectors in country's total volumes; their world shares and ranks.

The analysis begins with Top 10 export sectors of the Altai Union's first candidate Turkey in 2007, presented in Table 157.

Table 157. Top 10 Export Sectors of Turkey in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
87	Vehicles	15,856,877	14.78	1.34	18
84	Boilers, machines	8,779,068	8.18	0.48	31
72	Iron and Steel	8,373,803	7.81	1.97	17
61	Textile, knit	8,022,388	7.48	4.67	3
85	Electrical, electronic	7,280,793	6.79	0.40	32
62	Textile, not knit	5,445,210	5.08	3.20	6
27	Mineral fuels, oils	5,147,931	4.80	0.26	56
73	Articles of Iron	4,129,702	3.85	1.61	18
39	Plastics	2,968,672	2.77	0.66	27
8	Edible Fruit	2,670,613	2.49	4.36	6
	Total	107,279,829		0.76	34

Note. Data retrieved from ITC (2011)

Ford, Renault, BMC, Toyota, Honda, Opel, Hyundai, Fiat, Mercedes-Benz and MAN AG are global brands who are producing different kinds of vehicles in Turkey. These companies made automotive sector of Turkey having a share of 14.78 % in 2007 with an export volume of 15.85 billion US$. Machinery sector followed vehicles with a volume of 8.7 billion US$. Iron and steel, together with its articles had a volume of 12.4 billion US$ and textile sector, knit and not knit, 13.4 billion US$ in total. Electronics like Vestel, Beko and Arçelik took a share of 6.79 % with 7.2 billion US$ and processed oils followed them with a volume of 5.1 billion US$. The plastics sector was ranked 9th in the list and finally agriculture goods like hazelnuts, figs, apricots called as edible fruits were seen as other remarkable products of Turkey's exports.

Additionally, the top 10 export sectors of Turkey are presented in Table 158 for the data of 2008.

Table 158. Top 10 Export Sectors of Turkey in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
87	Vehicles	18,209,686	13.80	1.47	17
72	Iron and Steel	14,946,400	11.32	2.87	12
84	Boilers, machines	10,260,217	7.77	0.52	30
85	Electrical, electronic	7,967,067	6.04	0.41	32
61	Textile, knit	7,827,970	5.93	4.31	4
27	Mineral fuels, oils	7,531,454	5.71	0.26	51
73	Articles of Iron	5,742,286	4.35	1.87	18
71	Pearls	5,383,131	4.08	1.51	19
62	Textile, not knit	5,326,707	4.04	2.93	8
39	Plastics	3,564,255	2.70	0.74	27
	Total	132.000.933		0,81	

Note. Data retrieved from ITC (2011)

In 2008, ranking had stood similar except iron and steel sector which reached a volume of 20.6 billion US$ together with its articles. Total volume of iron and steel made it the strongest export sector of Turkey led by Diler Holding and Sarkuysan.

Export volumes are followed by top import sectors of Turkey in 2007, which are presented in Table 159.

Table 159. Top 10 Import Sectors of Turkey in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	23,883,682	14.04	1.11	18
84	Boilers, machines	22,775,757	13.39	1.27	19
72	Iron and Steel	16,183,493	9.52	3.66	9
85	Electrical, electronic	12,980,352	7.63	0.69	29
87	Vehicles	12,205,974	7.18	1.04	19
99	Not Elsewhere	10,924,864	6.42	1.91	11
39	Plastics	8,799,555	5.17	1.96	15
71	Pearls	5,906,091	3.47	2.17	15
29	Organic Chemicals	3,709,878	2.18	1.00	22
30	Pharmaceutical	3,520,277	2.07	0.99	17
	Total	170,063,227		1.18	20

Note. Data retrieved from ITC (2011)

Oil and natural gas are the most imported products of Turkey with a share of 14.04 % in 2007. Turkey is the Altai state who suffers most because of trade deficits.

Machinery from Germany and China followed oil. Another interesting import sector is iron and steel which is the strongest export sector of Turkey at the same time. Electronic products, foreign cars and vehicles and plastics followed iron and steel. Like in Kyrgyzstan, goods not elsewhere specified took a share of 6.42 % (10 billion US$) which made us think about possible corruptions. Pearls, pharmaceuticals and organic chemicals were the other important sectors in Turkey's imports.

Table 160. Top 10 Import Sectors of Turkey in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	32,811,610	16.25	1.02	19
72	Iron and Steel	23,157,931	11.47	4.26	6
84	Boilers, machines	22,714,319	11.25	1.17	25
99	Not Elsewhere	16,443,503	8.14	2.23	9
85	Electrical, electronic	13,714,357	6.79	0.69	32
87	Vehicles	12,547,191	6.21	1.03	22
39	Plastics	9,391,114	4.65	1.91	15
71	Pearls	5,653,786	2.80	1.71	17
30	Pharmaceutical	4,355,785	2.16	1.10	18
29	Organic Chemicals	4,133,195	2.05	1.03	22
	Total	201,960,083		1.20	21

Note. Data retrieved from ITC (2011)

Rankings remained same for 2008 and a total increase of 30 billion US$ had been tracked.

Table 161 presents Top 5 export partners of Turkey in 2007 and 2008.

Table 161. Top 5 Export Partners of Turkey in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Germany	11,993,234	11.18	1	Germany	12,951,321	9.81
2	UK	8,626,786	8.04	2	UK	8,158,829	6.18
3	Italy	7,480,046	6.97	3	UAE	7,975,390	6.04
4	France	5,974,433	5.57	4	Italy	7,814,062	5.92
5	Russia	4,726,846	4.41	5	France	6,615,230	5.01

Note. Data retrieved from ITC (2011)

Germany and UK had been the best customers of Turkey with a total share of 16-19 %. This can also be explained with the high population of Turks living in Germany. Other Europeans Italy and France followed UK and finally Russia and UAE were seen on the list as other best customers of Turkey.

Top 5 import partners of Turkey in 2007 and 2008 are presented in Table 162.

Table 162. Top 5 Import Partners of Turkey in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	23,508,480	13.82	1	Russia	31,364,461	15.53
2	Germany	17,539,948	10.31	2	Germany	18,687,062	9.25
3	China	13,234,121	7.78	3	China	15,658,222	7.75
4	Italy	9,967,971	5.86	4	the USA	11,976,932	5.93
5	the USA	8,166,788	4.80	5	Italy	11,011,451	5.45

Note. Data retrieved from ITC (2011)

In return, Turkey had been the best customer of Russia and Germany. The bad news is that the dependence on Russian oil would never be a solution for Turkey and probably Russia would do anything to continue this relationship and to block Turkey's oil and gas imports from other the Altai states. Chinese products, as expected, took a high share followed by the USA and Italy.

Car industry was selected as the top export sector of Turkey and Table 163 presents Turkey's partners in 2007 and in 2008.

Table 163. Top 5 Export Partners of Turkey's Cars (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	France	2,264,018	14.28	1	France	2,748,238	15.09
2	Italy	2,241,268	14.13	2	Germany	2,138,356	11.75
3	Germany	1,858,396	11.72	3	Italy	2,135,135	11.73
4	UK	1,442,123	9.09	4	UK	1,655,642	9.09
5	Spain	1,117,935	7.05	5	Russia	1,384,348	7.60

Note. Data retrieved from ITC (2011)

Cars produced in Turkey, were mostly exported to Europe (France, Italy, Germany and UK). Within this, Russia took a share of 7.60 % in 2008.

Following Table 164 presents Top 5 import partners of Turkey in oil sector by 2007 and 2008.

Table 164. Top 5 Import Partners of Turkey's Oil (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	10,523,012	44.06	1	Russia	11,840,813	36.09
2	Iran	4,254,238	17.81	2	Iran	5,630,941	17.16
3	Saudi Arabia	1,777,227	7.44	3	Saudi Arabia	2,445,908	7.45
4	Algeria	802,604	3.36	4	the USA	1,432,046	4.36
5	Iraq	595,345	2.49	5	Iraq	1,295,848	3.95

Note. Data retrieved from ITC (2011)

Unfortunately, Turkey buys her oil from Russia, Iran and Saudi Arabia. Dependence on oil is the main obstacle against Turkish economy. Turkey usually turned her face towards Europe as a strategy; the Altai Union should encourage the trade with Europe where Turkey is going to be a link.

The following candidate of the Altai Union is Azerbaijan. Table 165 presents Top 10 export sectors of Azerbaijan in 2007.

Table 165. Top 10 Export Sectors of Azerbaijan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	4,931,412	81.4	0.25	57
17	Sugars	149,724	2.47	0.52	41
8	Edible fruit	124,518	2.06	0.20	51
89	Ships, boats	93,173	1.54	0.09	50
76	Aluminum	91,704	1.51	0.06	68
15	Animal, veg. Prod.	82,953	1.37	0.14	57
39	Plastics	70,895	1.17	0.02	89
28	Inorganic Chemical	65,141	1.08	0.07	69
72	Iron and Steel	44,745	0.74	0.01	96
52	Cotton	39,898	0.66	0.07	69
	Total	6,058,203		0.04	94

Note. Data retrieved from ITC (2011)

81.4 % of Azerbaijan's exports in 2007 were consisted of crude oil. 4.9 billion US$ exports could take the 57th place in the world's total oil exports. Sugars, edible fruits, ships, aluminum, animal fats, plastics, inorganic chemicals, iron and steel and cotton followed oil exports with low volumes.

Table 166 present Top 10 export sectors of Azerbaijan in 2008.

Table 166. Top 10 Export Sectors of Azerbaijan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	46,363,078	97.08	1.62	23
73	Articles of Iron	181,446	0.38	0.06	66
8	Edible fruit	152,254	0.32	0.22	50
89	Ships, boats	124,725	0.26	0.09	49
15	Animal, veg. Prod.	123,421	0.26	0.14	54
39	Plastics	123,092	0.26	0.03	80
76	Aluminum	122,265	0.26	0.07	69
17	Sugars	84,663	0.18	0.27	59
7	Edible vegetables	63,597	0.13	0.13	61
28	Inorganic Chemical	60,823	0.13	0.05	75
	Total	47,756,141		0.29	58

Note. Data retrieved from ITC (2011)

Azerbaijan made a great oil shift in 2008 and her rank moved to 58th place after the 94th place in 2007. In 2008, oil became 97.08 % of Azerbaijan's total exports.

Within this, iron and steel sector had also made a sharp shift. Exports sectors of Azerbaijan other than oils could never pass 0.38 % which is dangerous in fact for the future of the country.

Following Table 167 indicates Top 10 import sectors of Azerbaijan in 2007.

Table 167. Top 10 Import Sectors of Azerbaijan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, machinery	1,216,925	21.31	0.07	80
87	Vehicles	660,548	11.56	0.06	92
85	Electrical, electronic	509,083	8.91	0.03	97
73	Articles of iron	494,527	8.66	0.19	69
10	Cereals	310,177	5.43	0.38	52
24	Tobacco	173,797	3.04	0.53	41
90	Optical, photo app.	171,257	3.00	0.04	80
27	Mineral fuels, oils	143,546	2.51	0.01	158
88	Aircraft	130,096	2.28	0.09	67
17	Sugars	127,205	2.23	0.40	58
	Total	5,711,852		0.04	109

Note. Data retrieved from ITC (2011)

Azerbaijan mostly imported machinery, vehicles, electronic products, iron and steel, cereals, tobacco and optical apparatus. Machinery and vehicles together could take a share of 32.87 % of Azerbaijan's total imports in 2007.

Table 168. Top 10 Import Sectors of Azerbaijan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, machinery	1,606,716	22.44	0.08	76
87	Vehicles	973,090	13.59	0.08	85
85	Electrical, electronic	597,857	8.35	0.03	99
73	Articles of iron	474,157	6.62	0.15	76
10	Cereals	409,325	5.72	0.34	61
24	Tobacco	199,510	2.79	0.56	35
39	Plastics	196,871	2.75	0.04	106
72	Iron and Steel	192,119	2.68	0.04	110
90	Optical, photo app.	191,159	2.67	0.04	79
25	Salt, sulphur, stone	131,012	1.83	0.20	76
	Total	7,161,546		0.04	107

Note. Data retrieved from ITC (2011)

In 2008, imports of Azerbaijan increased about 1.5 billion US$, mostly by machinery and vehicles sectors which took a share of 36.03 % this time. Electronic products, articles of iron and cereals had been other important import products of Azerbaijan.

Top 5 export partners of Azerbaijan in 2007 and 2008 are presented in Table 169.

Table 169. Top 5 Export Partners of Azerbaijan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Turkey	1,056,322	17.44	1	Italy	19,220,144	40.25
2	Italy	940,927	15.53	2	the USA	6,014,252	12.59
3	Russia	527,117	8.70	3	Israel	3,605,831	7.55
4	Iran	434,730	7.18	4	India	2,432,496	5.09
5	Indonesia	390,290	6.44	5	France	2,322,666	4.86

Note. Data retrieved from ITC (2011)

Turkey possessed the biggest share in Azerbaijan's exports, but Italy took the lead in 2008 with a share of 40.25 % and Turkey could not even take place in the first five. Italy, the USA, Israel, India and France were the ones buying oil from Azerbaijan in 2008.

Top 5 import partners of Azerbaijan in 2007 and 2008 are given in Table 170.

Table 170. Top 5 Import Partners of Azerbaijan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	1,003,874	17.58	1	Russia	1,349,729	18.85
2	Turkey	624,695	10.94	2	Turkey	807,345	11.27
3	Germany	471,181	8.25	3	Germany	598,559	8.36
4	Ukraine	465,554	8.15	4	Ukraine	567,222	7.92
5	UK	411,306	7.20	5	China	478,536	6.68

Note. Data retrieved from ITC (2011)

Russia's influence affects her share in Azerbaijan's imports (17.58 % and 18.85 %). Turkey followed Russian with a share of 11 %. Germany, Ukraine, UK and China followed Turkey.

Azerbaijan's top export sector is oil. Export partners and volumes of Azerbaijan's oil are presented in Table 171.

Table 171. Top 5 Export Partners of Azerbaijan's Oil (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Turkey	972,245	19.72	1	Italy	19.214.246	41.44
2	Italy	925,812	18.77	2	the USA	5.991.056	12.92
3	Indonesia	390,282	7.91	3	Israel	3.605.552	7.78
4	Israel	369,654	7.50	4	India	2.431.586	5.24
5	Iran	341,836	6.93	5	France	2.322.144	5.01

Note. Data retrieved from ITC (2011)

In 2007, Turkey and Italy were the top buyers of Azerbaijan's oil, but in 2008, Italy, the USA and Israel took the lead. Italy had a share of 41.44 %.

In return, Azerbaijan's top import sector is machinery. Table 172 presents Azerbaijan's Top 5 import partners in 2007 and 2008.

Table 172. Top 5 Import Partners of Azerbaijan's Machinery (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	UK	206,698	16.99	1	UK	187,110	11.65
2	Finland	116,618	9.58	2	China	184,985	11.51
3	Turkey	108,398	8.91	3	Germany	157,221	9.79
4	Germany	105,916	8.70	4	Finland	155,979	9.71
5	Russia	98,503	8.09	5	Turkey	130,378	8.11

Note. Data retrieved from ITC (2011)

Azerbaijan mostly buys her machinery from the United Kingdom, Finland, Germany, China and Turkey. China has nearly caught up with the UK in 2008.

The next candidate of the Altai Union is Kazakhstan. Top 10 export sectors of Kazakhstan are given in Table 173.

Table 173. Top 10 Export Sectors of Kazakhstan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	31,518,615	66.01	1.58	22
72	Iron and Steel	3,745,173	7.84	0.88	26
74	Copper and articles	2,805,081	5.87	1.86	18
28	Inorganic Chemical	1,652,447	3.46	1.75	14
26	Ores, slag and ash	1,589,138	3.33	1.31	13
10	Cereals	1,295,856	2.71	1.78	14
79	Zinc	1,010,192	2.12	4.96	8
71	Pearls	731,523	1.53	0.25	37
88	Aircraft	457,163	0.96	0.25	28
11	Milling Products	352,879	0.74	2.95	12
	Total	47,747,837		0.34	52

Note. Data retrieved from ITC (2011)

In 2007, mineral fuels and oils took a share of 66.01 % in Kazakhstan's total exports. Iron and steel sector, copper and its articles, inorganic chemicals, ores, cereals and zinc were seen as the other strong sectors of Kazakhstan whose export volume was 47.7 billion US$.

Table 174 presents Top 10 exports sectors of Kazakhstan in 2008.

Table 174. Top 10 Export Sectors of Kazakhstan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	48,910,885	68.72	1.71	22
72	Iron and Steel	6,271,883	8.81	1.21	23
74	Copper and articles	2,901,482	4.08	1.93	17
26	Ores, slag and ash	2,412,305	3.39	1.65	11
28	Inorganic Chemical	2,261,876	3.18	1.88	16
10	Cereals	1,633,793	2.30	1.56	15
71	Pearls	877,734	1.23	0.25	40
11	Milling Products	875,617	1.23	5.49	5
88	Aircraft	704,048	0.99	0.36	25
25	Salt, stone, plaster	646,323	0.91	1.37	23
	Total	71,171,720		0.44	44

Note. Data retrieved from ITC (2011)

Export shares of Kazakhstan sectors did not change either in 2008, showing stability. But export volumes, especially oils had highly increased. Oil exports made a shift of 17 billion US$ compared to 2007. Iron and steel had been another important sector. Table 175 and 176 present Top 10 imports sectors of Kazakhstan.

Table 175. Top 10 Import Sectors of Kazakhstan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machines	5,798,938	17.74	0.32	49
87	Vehicles	4,416,302	13.51	0.37	41
27	Mineral Fuels, oils	3,639,351	11.13	0.17	56
85	Electrical, Electronic	3,008,574	8.20	0.16	53
73	Articles of Iron	2,197,198	6.72	0.85	33
72	Iron and Steel	1,443,431	4.42	0.33	51
39	Plastics	887,264	2.71	0.20	64
90	Optical, Photo app.	733,256	2.24	0.18	51
30	Pharmaceutical	610,774	1.87	0.17	57
94	Furniture, lighting	575,958	1.76	0.33	38
	Total	32,685,540		0.23	52

Note. Data retrieved from ITC (2011)

Machinery, vehicles, oil, electronics and iron had been the most significant import sectors of Kazakhstan. In 2007, Kazakhstan was ranked 52th in both import and export sectors.

Table 176. Top 10 Import Sectors of Kazakhstan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machines	7,151,948	18.91	0.37	76
27	Mineral Fuels, oils	5,431,176	14.36	0.17	54
73	Articles of Iron	4,386,252	11.60	1.42	21
87	Vehicles	2,646,174	7.00	0.22	64
85	Electrical, Electronic	2,342,798	6.20	0.12	66
72	Iron and Steel	1,183,467	3.13	0.22	61
39	Plastics	925,459	2.45	0.19	67
86	Railway Equipment	846,905	2.24	3.08	8
90	Optical, Photo app.	824,261	2.18	0.19	49
99	Not elsewhere	781,861	2.07	0.11	44
	Total	37,814,218		0.22	57

Note. Data retrieved from ITC (2011)

Same sectors in 2007 had similar shares in 2008 as well. Only a 50.00 % decrease had been recorded in vehicles sector. Imports had increased about 5 billion US$.

Top 5 export partners of Kazakhstan are presented in Table 177.

Table 177. Top 5 Export Partners of Kazakhstan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Italy	7,774,214	16.28	1	Italy	11,920,307	16.75
2	Switzerland	7,475,871	15.66	2	Switzerland	11,281,318	15.85
3	China	5,635,916	11.80	3	China	7,676.602	10.79
4	Russia	4,658,893	9.76	4	Russia	6,227,048	8.75
5	France	3,982,693	8.34	5	France	5,388,666	7.57

Note. Data retrieved from ITC (2011)

Italy took the lead in 2007 and 2008 like in Azerbaijan. Shares were similar in both years. Switzerland, China, Russia and France followed Italy.

Regarding imports of Kazakhstan, Russia's influence was seen as usual with a strong share of 35-36 % followed by China, Germany, the USA and Ukraine. Cultural and linguistic influences, Russian population living in Kazakhstan and logistic advantages could make Russia the best import partner of Kazakhstan.

In return, Top 5 import partners of Kazakhstan are presented in Table 178.

Table 178. Top 5 Import Partners of Kazakhstan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	11,573,760	35.41	1	Russia	13,753,787	36.37
2	China	3,507,250	10.73	2	China	4,565,052	12.07
3	Germany	2,585,709	7.91	3	Germany	2,572,012	6.80
4	the USA	1,623,864	4.97	4	Ukraine	2,104,822	5.57
5	Ukraine	1,517,431	4.64	5	the USA	1,930,760	5.11

Note. Data retrieved from ITC (2011)

Kazakhstan's top sector is oil. Table 179 presents Top 5 customers of Kazakh oil in 2007 and 2008.

Table 179. Top 5 Export Partners of Kazakhstan's Oil (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Switzerland	7,171,772	22.75	1	Italy	10,984,728	22.46
2	Italy	5,963,474	18.92	2	Switzerland	10,329,774	21.12
3	France	3,561,619	11.30	3	France	5,114,552	10.46
4	China	2,829,550	8.98	4	China	4,419,471	9.04
5	Iran	1,621,633	5.15	5	Netherlands	3,073,433	6.28

Note. Data retrieved from ITC (2011)

Italy and Switzerland were the best customers of Kazakh oil with a total share of 45 %. France and China followed Italy with a share of 20 %.

In return, Kazakhstan mostly imported machinery. Table 180 presents the top 5 exporters of machinery to Kazakhstan in 2007 and 2008.

Table 180. Top 5 Import Partners of Kazakhstan's Machinery (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	1,014,048	17.49	1	Russia	1,384,405	19.36
2	China	881,868	15.21	2	China	897,097	12.54
3	Germany	708,738	12.22	3	Germany	757,462	10.59
4	the USA	568,406	9.80	4	Norway	631,580	8.83
5	Italy	449,003	7.74	5	the USA	627,131	8.77

Note. Data retrieved from ITC (2011)

Russia supplied 18-19 % of Kazakhstan's machinery demand followed by China, Germany and the USA. Russia increased her share in 2008 and reached 1.38 billion US$.

Our fourth candidate, Kyrgyzstan's Top 10 export sectors in 2007 are given in Table 181.

Table 181. Top 10 Export Sectors of Kyrgyzstan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral Fuels, oils	279,658	24.66	0.01	101
71	Pearls	228,496	20.15	0.08	59
62	Apparel, Accessor.	73,388	6.47	0.04	86
7	Edible Vegetables	47,911	4.22	0.11	68
25	Salt, sulphur, stone	44,389	3.91	0.13	79
70	Glass	40,311	3.55	0.07	61
87	Vehicles	38,916	3.43	0.00	87
84	Boilers, Machines	36,959	3.26	0.00	97
85	Electrical, electronic	32,919	2.90	0.00	101
52	Cotton	31,645	2.79	0.06	80
	Total	1,134,129		0.01	141

Note. Data retrieved from ITC (2011)

Low volumes of oils, pearls, apparels, edible vegetables, salts, glass and vehicles were the main export products of Kyrgyzstan. Oil and precious metals took a total share of 45 % together.

Following Table 182 indicates the same values in 2008.

Table 182. Top 10 Export Sectors of Kyrgyzstan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
71	Pearls	483,561	29.90	0.14	53
99	Not elsewhere	458,973	28.38	0.06	51
62	Apparel, Accessor.	92,145	5.70	0.05	82
27	Mineral Fuels, oils	61,470	3.80	0.00	135
25	Salt, sulphur, stone	51,715	3.20	0.11	86
8	Edible Fruit	49,510	3.06	0.07	82
7	Edible Vegetables	43,118	2.67	0.09	70
70	Glass	33,766	2.09	0.05	64
4	Dairy Prod., eggs	30,508	1.89	0.04	69
85	Electrical, electronic	29,068	1.80	0.00	111
	Total	1,617,490		0.01	139

Note. Data retrieved from ITC (2011)

Pearls were the most exported products in 2008 and corruption was seen as 28.83 % of the exports were classified as not elsewhere specified.

Top 10 import sectors of Kyrgyzstan are indicated in Table 183.

Table 183. Top 10 Imports Sectors of Kyrgyzstan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	740,739	30.65	0.03	103
84	Boilers, Machinery	205,372	8.50	0.01	141
85	Electrical, electronic	138,232	5.72	0.01	146
87	Vehicles	114,640	4.74	0.01	150
30	Pharmaceutical	81,962	3.39	0.02	123
10	Cereals	79,815	3.30	0.10	107
72	Iron and Steel	62,446	2.58	0.01	133
39	Plastics	56,065	2.32	0.01	140
44	Wood	54,233	2.24	0.04	98
40	Rubber	48,698	2.02	0.03	117
	Total	2,416,604		0.02	147

Note. Data retrieved from ITC (2011)

Oil imports took a share 30.65 % in 2007 followed by machinery (8.50 %), electronics (5.72 %), vehicles (4.74 %) and pharmaceuticals (4.74 %).

Table 184 presents the same data for 2008.

Table 184. Top 10 Imports Sectors of Kyrgyzstan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
99	Not Elsewhere	1,439,655	35.36	0.20	37
84	Boilers, Machines	287,781	7.07	0.01	138
27	Mineral fuels, oils	221,862	5.45	0.01	151
85	Electrical, electronic	168,852	4.15	0.01	142
87	Vehicles	155,375	3.82	0.01	146
10	Cereals	100,057	2.46	0.08	115
30	Pharmaceutical	96,917	2.38	0.02	123
72	Iron and Steel	89,714	2.20	0.02	132
61	Apparel, accessor.	83,987	2.06	0.05	78
44	Wood	70,574	1.73	0.06	92
	Total	4,071,956		0.02	132

Note. Data retrieved from ITC (2011)

Customs Authorities of Kyrgyzstan were totally corrupted in 2008. 35.36 % of the imports were classified as not elsewhere specified which is not possible in fact. Smugglings and bribery are the main custom problems in Kyrgyzstan.

Top 5 export partners of Kyrgyzstan are given in Table 185.

Table 185. Top 5 Export Partners of Kyrgyzstan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	978,736	40.50	1	Russia	1,492,153	36.64
2	China	355,528	14.71	2	China	728,218	17.88
3	Kazakhstan	312,390	12.93	3	Kazakhstan	376,485	9.25
4	Uzbekistan	120,841	5.00	4	Germany	335,834	8.25
5	the USA	95,759	3.96	5	Uzbekistan	160,065	3.93

Note. Data retrieved from ITC (2011)

Dependence on Russia still continues for Kyrgyzstan's exports with a volume of 40 %. China could take the 2nd place and two the Altai states, Kazakhstan and Uzbekistan, followed China with decreasing shares.

In return, Top 5 import partners of Kyrgyzstan are presented in Table 186.

Table 186. Top 5 Import Partners of Kyrgyzstan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	234,624	20.69	1	Switzerland	440,476	27.23
2	Switzerland	226,128	19.94	2	Russia	310,164	19.18
3	Kazakhstan	204,566	18.04	3	Uzbekistan	232,106	14.35
4	Afghanistan	118,365	10.44	4	Kazakhstan	184,053	11.38
5	Uzbekistan	85,670	7.55	5	France	108,163	6.69

Note. Data retrieved from ITC (2011)

Russia also took the biggest share in Kyrgyzstan's imports in 2007 and second place in 2008 after Switzerland. Kazakhstan and Uzbekistan were also in that list with a total share of 25 %.

The top export sector of Kyrgyzstan is pearl sector presented in Table 187.

Table 187. Top 5 Export Partners of Kyrgyzstan's Pearls (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Switzerland	226,021	98.92	1	Switzerland	439,434	90.87
2	Kazakhstan	1,076	0.47	2	UAE	27,255	5.64
3	Russia	776	0.34	3	Russia	15,414	3.19
4	UAE	347	0.15	4	Kazakhstan	970	0.20
5	Turkey	125	0.05	5	Turkey	301	0.06

Note. Data retrieved from ITC (2011)

Switzerland buys about 90-99 % of Kyrgyzstan's pearls, precious metals and gold. Other countries could just have small shares (UAE 5.64 % in 2008). Natural resources of Kyrgyzstan are probably being exploited and non-industrialization causes poverty for the Kyrgyz people.

Table 188 presents Top 5 import partners of Kyrgyzstan for her machinery imports.

Table 188. Top 5 Import Partners of Kyrgyzstan's Machinery (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	564,675	76.23	1	Uzbekistan	109,546	49.38
2	Kazakhstan	85,193	11.50	2	Russia	81,319	36.65
3	Uzbekistan	80,087	10.81	3	Kazakhstan	29,638	13.36
4	China	1,768	0.24	4	Tajikistan	950	0.43
5	Belgium	1,682	0.22	5	Iran	285	0.13

Note. Data retrieved from ITC (2011)

Russia's part in Kyrgyzstan's machinery imports was 76.23 % in 2007 and fell to 36.65 % in 2008. Surprisingly, the two Altai nations, Kazakhstan and Uzbekistan had increased their share from 22 % in 2007 to 63 % in 2008 led by Uzbekistan.

Kyrgyzstan is the weakest link of our the Altai Union and needs plenty of improvements. Kyrgyzstan is very close to integration with Kazakhstan therefore it could be better to consider them as a whole.

Next candidate is the giant of the Altai Union, South Korea. Korea's Top 10 exports sectors in 2007 are presented in Table 189.

Table 189. Top 10 Export Sectors of South Korea in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
85	Electrical, electronic	91,057,027	24.51	4.99	7
84	Boilers, Machines	49,776,128	13.40	2.72	10
87	Vehicles	49,162,165	13.23	4.17	8
89	Ships, boats	26,631,960	7.17	25.03	1
27	Mineral fuels, oils	24,630,927	6.63	1.24	27
90	Optical, photo app.	24,133,888	6.50	5.91	5
39	Plastics	17,733,044	4.77	3.97	9
72	Iron and Steel	16,445,545	4.43	3.87	10
29	Organic Chemicals	15,166,029	4.08	4.51	8
73	Articles of Iron	7,017,958	1.89	2.74	8
	Total	371,483,569		2.63	11

Note. Data retrieved from ITC (2011)

Compared to the EU, South Korea is the Germany of the Altai Union and Turkey is the Italy. 5 % of world's electrical and electronics are exported from Korea with a volume of 91 billion US$. Machinery exports reached 50 billion US$ nearly. Korean cars were exported about 50 billion US$ as well. The ship building industry of Korea was ranked first in the world with a volume of 26.6 billion US$ and nearly 6 % of world's exports of optical, photo apparatus are based in Korea (24 billion US$). Korea also imports crude oil and re-exports it after processing and creates an export volume of 25 billion US$. Plastics, iron and steel and organic chemicals are other important export sectors of Korea. 9 out of 10 exports products of Korea were ranked in World's Top 10. 25 % of world's ships were exported from Korea as well.

Same values for 2008 are presented in Table 190.

Table 190. Top 10 Export Sectors of South Korea in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
85	Electrical, electronic	94,286,407	22.34	4.88	7
84	Boilers, Machines	49,528,922	11.74	2.50	11
87	Vehicles	48,333,862	11.45	3.91	8
89	Ships, boats	40,967,637	9.71	28.26	1
27	Mineral fuels, oils	38,454,692	9.11	1.35	26
90	Optical, photo app.	28,556,995	6.77	6.34	5
72	Iron and Steel	21,333,983	5.06	4.10	9
39	Plastics	20,218,348	4.79	4.22	8
29	Organic Chemicals	15,785,711	3.74	4.43	8
73	Articles of Iron	9,062,483	4.79	2.96	7
	Total	422,002,868		2.59	12

Note. Data retrieved from ITC (2011)

Shares were similar in 2008, in addition to that we have encountered an increase of 50 billion US$ in the total export volume. Korea was ranked 11th and 12th in the world for total volume of exports.

Following Table 191 indicates Top 10 import sectors of Korea in 2007.

Table 191. Top 10 Import Sectors of South Korea in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	96,503,365	27.04	4.47	6
85	Electrical, electronic	57,914,528	16.23	3.08	8
84	Boilers, machines	39,823,666	11.16	2.23	14
72	Iron and Steel	23,132,492	6.48	5.24	4
90	Optical, photo app.	11,958,892	3.35	2.92	10
29	Organic Chemicals	9,867,634	2.77	2.65	13
26	Ores, slag and ash	9,295,496	2.60	5.96	3
39	Plastics	6,937,342	1.94	1.55	16
74	Copper	6,658,793	1.87	4.43	6
87	Vehicles	6,658,595	1.87	0.57	35
	Total	356,840,278		2.48	14

Note. Data retrieved from ITC (2011)

27.04 % of Korea's imports had been crude oils and natural gases. Electrical products and machinery had a total share of 27.39 %. Within this, iron and steel,

opticals, organic chemicals, plastics and vehicles are the other main imports products of Korea. An interesting fact is that those products are also strong export products of Korea. This proves that Korean people like diversity and foreign brands as do Turkish people. Copper and ores are other import products of Korea.

Table 192. Top 10 Import Sectors of South Korea in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	142,516,525	32.74	4.43	6
85	Electrical, electronic	61,848,373	14.21	3.10	8
84	Boilers, machines	41,585,379	9.55	2.14	15
72	Iron and Steel	35,785,000	8.22	6.58	2
90	Optical, photo app.	12,582,921	2.89	2.82	8
26	Ores, slag and ash	11,164,226	2.56	5.51	3
29	Organic Chemicals	11,031,567	2.53	2.75	10
39	Plastics	7,474,607	1.72	1.52	17
87	Vehicles	7,180,816	1.65	0.59	33
73	Articles of Iron	6,324,899	1,.45	2.04	12
	Total	435,270,391		2.58	11

Note. Data retrieved from ITC (2011)

2008 was the year when Korea suffered a trade deficit for the first time between 2005 and 2009. This was mostly caused by oil imports increasing of 46 billion US$. This increase made Korea the sixth biggest importer of oil in the world. Other imports products and their shares remained same.

Table 193 presents Top 5 export partner of South Korea in 2007 and 2008.

Table 193. Top 5 Export Partners of South Korea in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	China	81,985,119	22.07	1	China	91,388,894	21.66
2	the USA	45,883,888	12.35	2	the USA	46,500,667	11.02
3	Japan	26,370,189	7.10	3	Japan	28,252,417	6.69
4	Hong Kong	18,654,438	5.02	4	Hong Kong	19,771,219	4.69
5	Taiwan	13,027,080	3.51	5	Singapore	16,292,957	3.86

Note. Data retrieved from ITC (2011)

Korea is highly dependent on China, the USA and Japan in both imports and exports. China's part in Korea's exports is about 22 % and this amount will surely increase as Chinese people are becoming wealthier year by year. From 2007 to 2008, the amount exported to China increased by 10 billion US$.

Table 194 presents Top 5 import partners of South Korea in 2007 and 2008.

Table 194. Top 5 Import Partners of South Korea in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	China	63,025,131	17.66	1	China	76,926,947	17.67
2	Japan	56,250,066	15.76	2	Japan	60,956,299	14.00
3	the USA	37,392,938	10.48	3	the USA	38,555,933	8.86
4	Saudi Arabia	21,163,158	5.93	4	Saudi Arabia	33,781,926	7.76
5	Germany	13,534,201	3.79	5	UAE	19,248,496	4.42

Note. Data retrieved from ITC (2011)

China, Japan and the USA were ranked in Top 3 of Korea's imports like for exports as well. Imports from China increased by 13.9 billion US$ in a year and China's share was 17.67 %.

Korea's top sector is electronics. Table 195 presents Top 5 customers of Korea for her electronics sector.

Table 195. Top 5 Export Partners of South Korea's Electronics (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	China	21,391,233	23.49	1	China	23,054,492	24.45
2	the USA	10,718,310	11.77	2	the USA	13,129,201	13.92
3	Hong Kong	8,821,440	9.69	3	Hong Kong	9,166,724	9.72
4	Japan	6,634,647	7.29	4	Japan	6,298,194	6.68
5	Taiwan	5,838,239	6.41	5	Taiwan	4,586,700	4.86

Note. Data retrieved from ITC (2011)

Korean electronics are mostly exports to China (23-24 %). the USA, Hong Kong, Japan and Taiwan follow China.

In return, Korea is dependent on oil. Table 196 presents oil suppliers of Korea in 2007 and 2008.

Table 196. Top 5 Import Partners of South Korea's Oil (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Saudi Arabia	20,415,907	21.16	1	Saudi Arabia	32,978,885	23.14
2	UAE	12,445,237	12.90	2	UAE	18,993,334	13.33
3	Kuwait	8,714,901	9.03	3	Qatar	14,209,307	9.97
4	Qatar	8,390,068	8.69	4	Kuwait	12,072,663	8.47
5	Iran	6,289,368	6.52	5	Australia	9,022,164	6.33

Note. Data retrieved from ITC (2011)

Korea mostly buys her oil from Arabic countries like Saudi Arabia, Emirates, Kuwait and Qatar. Korea does not prefer the Altai states.

As a result, Korea is a perfect example and the engine of the Altai Union. Korea shows how a country can be successful without any resources. Other the Altai states should surely cooperate with Korea and create a mutual beneficial alliance.

The following candidate of the Altai Union is Turkmenistan. Table 197 presents Top 10 export sectors of Turkmenistan in 2007.

Table 197. Top 10 Export Sectors of Turkmenistan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	5,920,490	91.47	0.30	53
52	Cotton	326,032	5.04	0.61	24
39	Plastics	70,617	1.09	0.02	90
63	Other made textile	32,236	0.50	0.08	67
62	Articles, not knit	18,025	0.28	0.01	99
61	Articles, knit	15,164	0.23	0.01	98
28	Inorganic Chemicals	14,205	0.22	0.02	93
41	Raw Hides	8,221	0.13	0.03	96
87	Vehicles	7,303	0.11	0.00	117
84	Boilers, machinery	7,274	0.11	0.00	146
	Total	6,472,444		0.05	91

Note. Data retrieved from ITC (2011)

Natural gas is the most exported product of Turkmenistan with a share of 91.47 %. Cotton and plastics followed gas with a share of 5.04 % and 1.09 %. Those products were followed by Turkmen textile sector with HS Codes 61, 62 and 63.

Table 198 shows the same data for 2008, followed by Table 199 and 200 presenting Turkmenistan's imports in 2007 and 2008.

Table 198. Top 10 Export Sectors of Turkmenistan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	7,472,481	82.33	0.26	52
99	Not Elsewhere	1,108,159	12.21	0.15	39
52	Cotton	246,976	2.72	0.45	30
39	Plastics	89,757	0.99	0.02	85
63	Other made textile	30,311	0.33	0.07	69
62	Articles, not knit	20,190	0.22	0.01	102
28	Inorganic Chemicals	15,114	0.17	0.01	90
61	Articles, knit	14,344	0.16	0.01	99
13	Lac, gums, resins	13,806	0.15	0.29	41
89	Ships, boats	8,422	0.09	0.01	95
	Total	9,076,715		0.06	86

Note. Data retrieved from ITC (2011)

Products had not changed in 2008 except HS Coded 99 which identifies good not elsewhere specified. Corruption also exists in Turkmenistan's customs.

Table 199. Top 10 Import Sectors of Turkmenistan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machinery	544,452	22.42	0.03	107
73	Articles of Iron	415,459	17.11	0.16	86
87	Vehicles	250,733	10.33	0.02	126
85	Electrical	178,928	7.37	0.01	136
88	Aircraft	162,446	6.69	0.11	62
72	Iron and Steel	83,727	3.45	0.02	125
38	Misc. Chemical Prod.	55,252	2.28	0.04	108
39	Plastics	51,470	2.12	0.01	145
90	Optical, photo	48,914	2.01	0.01	120
10	Cereals	40,387	1.66	0.05	126
	Total	2,427,990		0.02	145

Note. Data retrieved from ITC (2011)

Most imported products of Turkmenistan had been machinery, iron and steel, vehicles, electronics, aircrafts, chemicals, plastics, opticals and cereals. Machinery was the first with a share of 22.42, followed by iron with its articles reaching a total share of 20.50 %.

Table 200. Top 10 Import Sectors of Turkmenistan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machinery	998,597	24.15	0.05	93
73	Articles of Iron	794,776	19.22	0.26	65
87	Vehicles	402,301	9.73	0.03	117
85	Electrical	348,384	8.43	0.02	115
72	Iron and Steel	211,456	5.11	0.04	107
10	Cereals	145,671	3.52	0.12	99
94	Furniture, lighting	101,689	2.46	0.06	86
39	Plastics	91,033	2.20	0.02	128
90	Optical, photo	86,369	2.09	0.02	102
38	Misc. Chemical Prod.	72,426	1.75	0.05	102
	Total	4,134,974		0.02	130

Note. Data retrieved from ITC (2011)

In 2008, there had been an increase of 1.7 billion US$ but rankings remained stable except furniture sector of 100 million US$ with a share of 2.46 %.

Top 5 export partners of Turkmenistan are presented in Table 200.

Table 201. Top 5 Export Partners of Turkmenistan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Ukraine	4,707,366	72.73	1	Ukraine	5,631,663	62.05
2	Turkey	396,722	6.13	2	Poland	1,106,993	12.20
3	Italy	236,825	3.66	3	Turkey	389,307	4.29
4	the USA	234,284	3.62	4	Italy	292,304	3.22
5	Georgia	149,902	2.32	5	Romania	247,393	2.73

Note. Data retrieved from ITC (2011)

Ukraine had been the best customer of Turkmenistan, caused by natural gas. Turkey and Poland followed Ukraine. Turkey's share decreased from 6.13 % to 4.29 %.

The main suppliers of Turkmenistan are presented in Table 202.

Table 202. Top 5 Import Partners of Turkmenistan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	384,011	15.82	1	Russia	808,904	19.56
2	Turkey	339,968	14.00	2	China	801,950	19.39
3	China	302,528	12.46	3	Turkey	662,890	16.03
4	Germany	213,449	8.79	4	Ukraine	376,922	9.12
5	Ukraine	196,600	8.10	5	Germany	263,374	6.37

Note. Data retrieved from ITC (2011)

Without any surprise, Russia took the lead in Turkmenistan's imports with a share of 15.82 % in 2007 and 19.56 % in 2008. Turkey and China followed Russia with close shares and finally Germany and Ukraine had been her main imports partners.

Best customers of Turkmen gas and oil are indicated in Table 203.

Table 203. Top 5 Export Partners of Turkmenistan's Gas and Oil (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Ukraine	4,694,981	79.30	1	Ukraine	5,623,015	75.25
2	Italy	227,500	3.84	2	Italy	286,009	3.83
3	the USA	187,134	3.16	3	Romania	247,393	3.31
4	Turkey	186,509	3.15	4	Turkey	225,992	3.02
5	Georgia	148,074	2.50	5	Kazakhstan	210,453	2.82

Note. Data retrieved from ITC (2011)

Turkmen gas was mostly exported to Ukraine then Italy, the USA and Romania. Turkey took a share of 3 % by importing oil from Turkmenistan.

Suppliers of Turkmenistan's machinery imports are given in Table 204.

Table 204. Top 5 Import Partners of Turkmenistan's Machinery (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	82,990	15.24	1	China	303,639	30.41
2	China	75,670	13.90	2	Russia	131,839	13.20
3	Germany	70,216	12.90	3	Germany	125,693	12.59
4	Japan	68,591	12.60	4	Turkey	66,208	6.63
5	Turkey	49,645	9.12	5	France	56,056	5.61

Note. Data retrieved from ITC (2011)

In return, machinery imports were from Russia, China, Germany and Japan. In 2007, Turkey took a share 9.12 % by exporting 50 million US$ machinery to Turkmenistan.

As a result, the Turkmen economy appears to be built on oil and gas exports. Turkmenistan should diversify into new sectors in order to increase the welfare of her citizens.

Our final candidate Uzbekistan's top 10 export sectors in 2007 are given in Table 205.

Table 205. Top 10 Export Sectors of Uzbekistan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
52	Cotton	1,440,910	22.27	2.69	10
27	Mineral fuels, oils	949,515	14.68	0.05	86
87	Vehicles	791,700	12.24	0.07	50
99	Not Elsewhere	651,605	10.07	0.10	49
74	Copper	507,709	7.85	0.34	41
28	Inorganic Chemical	482,919	7.46	0.51	36
8	Edible Fruit	280,889	4.34	0.46	38
71	Pearls	215,507	3.33	0.07	61
79	Zinc	157,179	2.43	0.77	32
7	Edible Vegetables	147,954	2.29	0.33	34
	Total	6,469,815		0.05	90

Note. Data retrieved from ITC (2011)

Uzbekistan's most exported products are cotton, natural gas and oil, vehicles, coppers, inorganic chemicals, edible fruits, pearls, zinc and vegetables. Uzbek cotton is famous in the world and is being exported especially to textile producing countries. Natural gas resources of Uzbekistan are highly rich as well. As stated before, Uzbekistan has a strong automotive industry and assembly plants with Korean brands. Corruptions exist with HS Code 99, not elsewhere specified, but Uzbekistan also has a strong agricultural sector including edible fruits and vegetables. Some elements like copper, zinc and gold are being exported to various countries.

Same values are given for 2008 in Table 206.

Table 206. Top 10 Export Sectors of Uzbekistan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
27	Mineral fuels, oils	2,547,000	35.47	0.09	80
52	Cotton	822,854	11.46	1.51	13
87	Vehicles	770,132	10.73	0.06	48
28	Inorganic Chemical	563,295	7.85	0.47	38
74	Copper	430,992	6.00	0.29	46
71	Pearls	398,724	5.55	0.11	56
31	Fertilizers	355,307	4.95	0.49	32
8	Edible Fruit	210,273	2.93	0.30	47
99	Not Elsewhere	124,326	1.73	0.02	68
25	Salt, Sulphur	110,855	1.54	0.23	62
	Total	7,180,237		0.04	94

Note. Data retrieved from ITC (2011)

In addition to 2007, fertilizers and salts were added to the list in 2008. Unfortunately, cotton exports decreased by 600 million US$ and 8 %. Thus, natural gas had a share of 35.47 %. Cotton production in Uzbekistan must be well directed for the wealth of the country.

Exports are followed by Top 10 import sectors of Uzbekistan by 2007 in Table 207.

Table 207. Top 10 Import Sectors of Uzbekistan in 2007 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machinery	1,119,009	17.56	0.06	84
87	Vehicles	832,015	13.06	0.07	86
73	Articles of Iron	650,705	10.21	0.25	62
27	Mineral Fuels, Oils	404,458	6.35	0.02	130
85	Electrical	343,225	5.39	0.02	110
72	Iron and Steel	328,611	5.16	0.07	88
44	Wood	311,961	4.89	0.24	53
30	Pharmaceutical	210,766	3.31	0.06	88
39	Plastics	197,662	3.10	0.04	101
26	Ores, slag, ash	178,484	2.80	0.11	45
	Total	6,373,142		0.04	101

Note. Data retrieved from ITC (2011)

Regarding imports, machinery took the first place with a share of 17.56 %. Vehicles and their parts followed machinery (10.21 %) and the iron sector took the 3rd place (10.21 % and 5.16 %). Oil, electronics, wooden products, pharmaceuticals, plastics and ores were the other main import products of Uzbekistan in 2007 with a total import volume of 6.3 billion US$.

Same data is given for 2008 in Table 208.

Table 208. Top 10 Import Sectors of Uzbekistan in 2008 (Thousand US$)

HS Code	Sector	Volume	% of State	% of World	World Rank
84	Boilers, Machinery	1,558,642	17.17	0.08	77
87	Vehicles	1,168,457	12.87	0.10	82
73	Articles of Iron	934,772	10.29	0.30	62
85	Electrical	608,358	6.70	0.03	98
27	Mineral Fuels, Oils	554,760	6.11	0.02	127
44	Wood	458,366	5.05	0.37	45
72	Iron and Steel	423,516	4.66	0.08	90
11	Milling Products	343,255	3.78	2.03	11
99	Not Elsewhere	290,282	3.20	0.04	63
39	Plastics	265,108	2.92	0.05	97
	Total	9,080,081		0.05	96

Note. Data retrieved from ITC (2011)

In addition to 2007, only milling products were added to the list with a share of 3.78 %. Imports had increased about 2.7 billion US$ mostly caused by machinery, vehicles and iron imports. Goods not specified elsewhere were imported about 290 million US$ with a share of 3.20 %. This should be considered as a high rate of corruption for Uzbekistan.

Top 5 export partners of Uzbekistan are given in Table 209.

Table 209. Top 5 Export Partners of Uzbekistan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	1,459,553	22.56	1	Ukraine	2,118,229	29.50
2	Poland	671,866	10.38	2	Russia	1,297,318	18.07
3	Turkey	613,811	9.49	3	Turkey	580,807	8.09
4	Ukraine	546,811	8.44	4	Kazakhstan	516,072	7.19
5	Kazakhstan	538,465	8.32	5	China	328,881	4.58

Note. Data retrieved from ITC (2011)

Exports of Uzbekistan were mostly made to Russia, Ukraine, Poland, Turkey and Kazakhstan. Ukraine took Russia's place in 2008 with a share of 29.50 %. Poland, who took the 2nd place in 2007, could not be a part of Top 5 in 2008.

Main suppliers of Uzbekistan in 2007 and 2008 are given in Table 210.

Table 210. Top 5 Import Partners of Uzbekistan in 2007 and 2008 (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	1,722,253	27.02	1	Russia	2,048,896	22.56
2	Kazakhstan	871,728	13.68	2	China	1,277,821	14.07
3	China	764,849	12.00	3	Kazakhstan	1,272,043	14.01
4	South Korea	748,310	11.74	4	South Korea	1,122,586	12.36
5	Germany	354,198	5.56	5	Ukraine	595,248	6.56

Note. Data retrieved from ITC (2011)

Uzbekistan gave a share of 27.02 then 22.56 to Russian products respectively in 2007 and 2008. Kazakhstan and China followed Russia with similar shares. South Korea took part in the list with a share of 11-12 %.

Cotton is the most important sector of Uzbekistan. The best customers of Uzbek cotton are given in Table 211.

Table 211. Top 5 Export Partners of Uzbekistan's Cotton (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Bangladesh	512,060	35.54	1	China	274,162	33.32
2	China	298,408	20.71	2	Russia	148,393	18.03
3	Turkey	169,565	11.77	3	Turkey	122,853	14.93
4	Russia	143,018	9.93	4	India	40,278	4.89
5	South Korea	36,265	2.52	5	Germany	23,342	2.84

Note. Data retrieved from ITC (2011)

Uzbek cotton was exported to Bangladesh in 2007 with a share of 35.54 %. Best customer Bangladesh did not buy from Uzbekistan in 2008 and this caused a decrease of 512 million US$ in exports. China took the lead in 2008 (33.32 %) followed by Russia, Turkey and India. Turkey also decreased her volume by 47 million US$ in 2008 but increased her share by 3%.

Main suppliers for Uzbekistan's machinery imports are presented in Table 212.

Table 212. Top 5 Import Partners of Uzbekistan's Machinery (Thousand US$)

2007				2008			
Rank	Country	Volume	%	Rank	Country	Volume	%
1	Russia	235,181	21.02	1	China	333,593	21.40
2	China	209,496	18.72	2	Russia	263,792	16.92
3	Germany	127,966	11.44	3	Germany	191,147	12.26
4	South Korea	117,023	10.46	4	South Korea	185,379	11.89
5	Ukraine	74,518	6.66	5	Ukraine	145,743	9.35

Note. Data retrieved from ITC (2011)

Finally, Russia as for other Central Asian states was the leader of Uzbekistan's machinery imports with a share of 21.02 %. China has overtaken the leadership with a higher volume in 2008. Those two states were followed by Germany, Korea and Ukraine.

Uzbekistan cannot use the advantage of her high population of 27 million people and suffers from poverty. The automobile industry and cotton sector are the main engines of Uzbek economy which is needed to be improved.

Tourism is another important sector in the world which provides jobs for many citizens, which attracts foreign exchange money and which increases investment. Tourism is to be analyzed next.

The Tourism Sector

In addition to import and exports, tourism is another method to strengthen country's economy and a remarkable way for a future integration. Turkey is the leader of the Altai Union in tourism and has a lot of experience to share. Table 213 presents the tourist arrivals to the Altai states in 2005.

Table 213. International Tourist Arrivals in 2005

Country	Tourist Arrivals	Regional Share
Azerbaijan	1,177,000	0.30%
Kazakhstan	3,073,000	0.90%
Kyrgyzstan	315,000	0.10%
South Korea	6,023,000	3.90%
Turkey	20,273,000	4.60%
Turkmenistan	218,000	0.10%
Uzbekistan	262,000	0.10%
Total	31,341,000	

Note. Data retrieved from UNWTO (2011)

20.27 million tourists visited Turkey in 2005 and this rate has increased every year. Korea followed Turkey with 6 million and Kazakhstan's rate was also not bad with 3 million tourist arrivals. Kyrgyzstan, Turkmenistan and Uzbekistan were visited by a very low number of tourists and those numbers include business visits as well.

Within this, these tourists, including business visits, will be providing money to the country at every visit. Table 214 presents the Altai states' tourism earnings.

Table 214. International Tourist Receipts in 2005 (US$)

Country	2005	Regional Share	Receipt per Arrival
Azerbaijan	60,000,000	0.00%	$50
Kazakhstan	685,000,000	0.20%	$230
Kyrgyzstan	76,000,000	0.00%	$190
South Korea	5,660,000,000	4.00%	$1,045
Turkey	18,152,000,000	5.20%	$945
Turkmenistan	0	0.00%	$0
Uzbekistan	28,000,000	0.00%	$105
Total	24,661,000.000		

Note. Data retrieved from UNWTO (2011)

The Altai Union's total receipts by tourism had been about 24.6 billion US$ in 2005, and 73.5 % of those receipts belonged to Turkey. Encouragements, holiday villages and hotel projects, ease of visa, hospitality, numerous tourist attractions and historical areas, advertisements in other countries, increase of flights, cost advantages and exhibitions were the main reasons of Turkey's success in tourism. Many tourism projects can be made in Central Asia by promotions, building new hotels and villages, creating festivals, new tourist attractions, ensuring safety, increasing flights and advertisements.

Within this, for a better integration, business men, their families and tourists should be able to travel easily without any visa or passports to other the Altai states

and buy property. There are already a number of integrated people from one Altai state living in another Altai state permanently.

Some Altai citizens are already living in other the Altai states. Table 215 presents the Altai population integrated in other the Altai states.

Table 215. Population Integration in the Altai states

Country	Azerbaijani	Kazakh	Kyrgyz	Korean	Turk	Turkmen	Uzbek
Azerbaijan	-	2,100	?	?	22,000	?	1,700
Kazakhstan	82,000	-	11,000	104,000	80,000	1,600	388,000
Kyrgyzstan	20,000	49,000	-	23,000	38,000	2,900	757,000
South Korea	?	?	?	?	?	?	?
Turkey	541,000	7,600	1,800	?	-	1,400	3,800
Turkmenistan	53,000	140,000	1,000	4,500	?	-	2,100
Uzbekistan	63,000	1,137,000	246,000	258,000	150,000	171,000	-

Note. Data retrieved from Joshua Project (2011)

Question marks here indicate populations lower than 1,000 people. Except Korea, there are a good number of populations already integrated with each other especially in Central Asia.

Another important sector for the Altai Union is agriculture. the Altai states have competitive advantages in various agricultural goods. Within this, success of agriculture sector proves food independency against other states in the world.

The Agriculture Sector

Economic independence by all means also includes the agriculture sector. Strong agricultural production would protect our states against likely food shortages and crisis in the near future.

Agriculture's share in the Altai states are as follows: Azerbaijan 5.5 %; Kazakhstan 5.40 %, Kyrgyzstan 24.60 %, South Korea 3.00 %, Turkey 8.80 %, Turkmenistan 10.20 % and Uzbekistan 21.20 %. Data of 2008 is used for this chapter.

Table 216 presents irrigated land areas for the Altai states.

Table 216. Irrigated Land Area (km²)

Country	Land	Data
Azerbaijan	14,550	2003
Kazakhstan	35,560	2003
Kyrgyzstan	10,720	2003
South Korea	8,780	2003
Turkey	52,150	2003
Turkmenistan	18,000	2003
Uzbekistan	42,810	2003

Note. Data retrieved from World Factbook (2011)

Turkey has owned the most irrigated land area with 52,150 km² especially after the GAP Project in South-East Anatolia. Turkey has been followed by Uzbekistan, Kazakhstan and Turkmenistan. Irrigated areas are smaller in Azerbaijan and Kyrgyzstan as they have geographical disadvantage of total land. Finally, Korea's irrigated land area is six times smaller than Turkey's. As we have stated before, all the Altai states have different advantages which can create a perfect combination. Korea doesn't need to be dependent on China, the USA or Japan.

Another important agricultural product is wheat presented by Table 217.

Table 217. Wheat Production (Million Metric Tons)

Year	AZ	KZ	KG	SK	TR	TU	UZ	Total
2005	1.5	11.1	?	?	21.0	2.8	5.4	41.8
2006	1.5	13.5	?	?	20.0	3.3	5.8	44.1
2007	1.3	16.5	?	?	17.7	2.7	6.0	44.2
2008	1.6	12.6	?	?	17.8	2.7	6.1	40.8
2009	2.1	17.0	?	?	20.6	2.7	6.6	49.0

Note. Data retrieved from FAOSTAT (2011)

By 2009, Turkey's share had been 42.04 % in the Altai Union's wheat production followed by Kazakhstan with a share of 34.69 %. There had been no data existing for Kyrgyzstan and South Korea. We shall add that Turkey's territories are eight times bigger than South Korea's.

Agricultural land should be used efficiently in the Altai states. Table 218 indicates land use statistics of the Altai states.

Table 218. Land Use Statistics of the Altai states

	Cultivated Land (km²)	%	Arable land (km²)	%	Permanent crops (km²)	%	Other (km²)	%	Total (km²)
AZ	20,001	23.23	17,754	20.62	2,247	2.61	66,099	76.77	86,100
KZ	222,394	8.33	221,059	8.28	1,335	0.97	2,447,406	91.02	2,669,800
KG	13,066	6.83	12,530	6.55	536	0.28	178,234	93.17	191,300
SK	18,254	18.59	16,280	16.58	1,974	2.01	79,936	81.41	98,190
TR	255,893	33.20	229,764	29.81	26,129	3.39	514,868	66.80	770,760
TU	22,696	4.65	22,013	4.51	683	0.14	465,403	95.35	488,100
UZ	47,943	11.27	44,710	10.51	3,233	0.76	377,457	88.73	425,400
Total	600,247		564,110		36,137		4,129,403		4,729,650
Rank	6		6		9		8		7

Note. Data retrieved from World Factbook (2011)

Even though Kazakhstan is 3.4 times bigger than Turkey, Turkey takes the lead in cultivated land, arable land and permanent crops. 33.20 % of Turkey's lands are cultivated but additionally there are 229,764 km² arable lands, ready for use. (29.81 %). Within this, Turkey's permanent crops are ten times higher than Kazakhstan's. Total land of the Altai Union takes 6th place in cultivated land and arable land, 9th place in permanent crops and 7th place in total land in the world.

From here on, specific agricultural products will be given, beginning with apple, tomato and barley production of the Altai states and their world ranks in Table 219.

Table 219. Apple, Tomato and Barley Production of the Altai states (Tonnes)

	Apple Production		Tomato Production		Barley Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	205,021	42	438,419	38	605,525	-
Kazakhstan	94,740	53	549,310	34	2,058,550	18
Kyrgyzstan	135,000	47	-	-	210,600	-
South Korea	470,865	25	408,170	43	170,053	-
Turkey	2,504,490	5	10,985,355	3	5,923,000	9
Turkmenistan	61,500	56	310,000	45	58,700	-
Uzbekistan	585,000	19	1,930,000	12	157,000	-
Total	4,056,616	3	14,621,254	2	9,183,428	7

Note. Data retrieved from FAOSTAT (2011)

Agriculture giant Turkey is the 5th biggest producer of apple, 3rd of tomato and 9th of barley in the world. Yearly production tomato becomes 2nd in the world with the unification of the Altai states.

Table 220 presents apricot, cherry and fig production of the Altai states.

Table 220. Apricot, Cherry and Fig Production of the Altai states (Tonnes)

	Apricot Production		Cherry Production		Fig Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	21,494	29	6,845	35	10,579	17
Kazakhstan	6,180	42	9,890	26	0	0
Kyrgyzstan	16,600	34	5,100	39	0	0
South Korea	0	0	0	0	0	0
Turkey	716,415	1	338,361	1	205,067	2
Turkmenistan	32,000	22	0	0	0	0
Uzbekistan	265,000	4	61,000	9	1,700	34
Total	1,057,689	1	421,196	1	217,346	2

Note. Data retrieved from FAOSTAT (2011)

Turkey is the biggest producer of apricots (716,415 tonnes) and cherry (338,361 tonnes) and 2nd biggest producer of figs (205,067 tonnes) in the world.

Hazelnut, tea and plum production of the Altai states is given in Table 221.

Table 221. Hazelnut, Tea and Plums, Sloes Production of the Altai states (Tonnes)

	Hazelnut Production		Tea Production		Plums and Sloes Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	27,745	4	323	41	20,513	43
Kazakhstan	0	0	0	0	3,870	60
Kyrgyzstan	3,000	11	0	0	6,400	54
South Korea	0	0	1,550	33	66,748	19
Turkey	800,791	1	198,046	5	248,185	6
Turkmenistan	0	0	0	0	30,000	35
Uzbekistan	1,000	16	0	0	65,000	21
Total	832,536	1	199,919	5	440,716	5

Note. Data retrieved from FAOSTAT (2011)

Turkey's hazelnut production is the biggest in the world. Hazelnuts from Giresun are known as the world best quality, followed by Ordu, Trabzon and Sakarya's hazelnuts. Famous European manufacturers of chocolates, mostly in Switzerland, prefer Turkish hazelnuts. Another gold product of Turkish Black Sea region is tea, with 5th place in the world. Finally, plums and sloes have taken 5th place as well.

Table 222 presents the orange, onion and almond production of the Altai states.

Table 222. Orange, Onion and Almond Production of the Altai states (Tonnes)

	Orange Production		Onion Production		Almond Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	12,615	74	184,669	45	500	36
Kazakhstan	0	0	376,840	30	300	40
Kyrgyzstan	0	0	118,842	57	1,500	23
South Korea	0	0	1,035,076	15	0	0
Turkey	1,427,156	13	2,007,120	5	52,774	7
Turkmenistan	0	0	106,000	61	1,000	28
Uzbekistan	0	0	728,000	20	18,500	17
Total	1,439,771	13	4,556,547	3	74,574	7

Note. Data retrieved from FAOSTAT (2011)

Turkey is 13th in the world for oranges, 5th for onions and 7th for almonds. Other the Altai states don't have important production in many of these products.

Table 223 indicates carrot, chestnut and cereal production of the Altai states.

Table 223. Carrot, Chestnut and Cereals Production of the Altai states (Tonnes)

	Carrot Production		Chestnut Production		Cereals Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	7,369	84	795	13	0	0
Kazakhstan	271,100	23	0	0	48,210	6
Kyrgyzstan	173,354	34	0	0	0	0
South Korea	99,581	40	75,171	2	5,557	24
Turkey	591,538	9	55,395	3	0	0
Turkmenistan	66,000	47	0	0	0	0
Uzbekistan	910,000	4	0	0	32,300	8
Total	2,118,942	2	131,361	2	86,067	5

Note. Data retrieved from FAOSTAT (2011)

Uzbekistan took the lead of the Altai Union in carrot and turnip production. (4th in the world, followed by Turkey which has 9th place. Together, it becomes 2nd of the world. For chestnuts, surprisingly, Korea takes 2nd place in the world and passes Turkey at the 3rd place. Finally, for cereals, Kazakhstan and Uzbekistan are the main producers in the world and mostly supplying Central Asian states (6th and 8th place).

Chickpea, grape and lemon production of the Altai states are given in Table 224.

Table 224. Chickpeas, Grapes and Lemon Production of the Altai states (Tonnes)

	Chick peas Produc.		Grape Production		Lemon Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	0	0	115,822	50	1,815	73
Kazakhstan	10,276	22	33,460	62	0	0
Kyrgyzstan	0	0	10,491	75	1	107
South Korea	0	0	333,596	28	0	0
Turkey	518,026	2	3,918,440	6	672,452	8
Turkmenistan	0	0	175,000	41	0	0
Uzbekistan	3,200	34	791,000	18	500	87
Total	531,502	2	5,377,809	6	674,768	8

Note. Data retrieved from FAOSTAT (2011)

Turkey is seen one more time with high ranks at chickpeas (2nd place in the world), grapes (6th place) and lemon production (8th).

Table 225 presents olive, peach and pistachio production of the Altai states.

Table 225. Olives, Peaches and Pistachios Production of the Altai states (Tonnes)

	Olives Production		Peaches Production		Pistachios Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	1,516	34	19,302	42	3	19
Kazakhstan	0	0	1,550	71	0	0
Kyrgyzstan	0	0	3,800	64	800	10
South Korea	0	0	189,064	14	0	0
Turkey	1,464,248	4	551,906	7	120,113	3
Turkmenistan	0	0	27,000	38	0	0
Uzbekistan	100	37	75,000	25	200	13
Total	1,465,864	4	867,622	5	121,116	3

Note. Data retrieved from FAOSTAT (2011)

Turkey takes the lead in olives in the Altai Union (4th place in the world), peaches (5th place) and pistachios (3rd place). South Korea has an important production of peaches as well.

The study continues with spice, spinach and strawberry production of the Altai states in Table 226.

Table 226. Spices, Spinach and Strawberry Production of the Altai states (Tonnes)

	Spices Production		Spinach Production		Strawberry Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	300	43	0	0	0	0
Kazakhstan	0	0	0	0	5,020	47
Kyrgyzstan	200	48	0	0	1,700	62
South Korea	0	0	93,441	8	203,227	5
Turkey	78,961	3	225,746	4	261,078	3
Turkmenistan	0	0	0	0	0	0
Uzbekistan	200	51	0	0	5,300	45
Total	79,661	3	319,187	3	476,325	2

Note. Data retrieved from FAOSTAT (2011)

Incredibly, Turkey, one more time, owns the 3rd spices production in the world. Within this, Turkey is the 4th biggest producer of spinaches and 3rd of strawberries in the world. Meanwhile, Korea took the 8th place in spinach and 5th place in strawberries.

Finally, Table 227 presents walnut and watermelon production of the Altai states.

Table 227. Walnut and Watermelon Production of the Altai states (Tonnes)

	Walnut Production		Watermelon Production	
Country	Volume	Rank	Volume	Rank
Azerbaijan	8,376	27	407,716	24
Kazakhstan	1,427	42	653,910	14
Kyrgyzstan	5,500	31	124,410	49
South Korea	979	44	856,755	10
Turkey	170,897	3	4,002,285	2
Turkmenistan	0	0	254,300	34
Uzbekistan	15,300	16	981,200	9
Total	202,479	3	7,280,576	2

Note. Data retrieved from FAOSTAT (2011)

Finally, Turkey is the 3rd biggest producer of walnuts in the world. Uzbekistan could only take 16th place. And mostly from Diyarbakir area, Turkey has the 2nd place in the world in watermelon production. Turkey was followed by Uzbekistan at the 9th place.

As a result, Turkey's productions for many agricultural goods are enough for the population of whole the Altai Union as Turkey is positioned in one the most agriculturally efficient areas in the world.

The final part of this chapter will analyze elements, metallurgy and minerals production and reserves of the Altai states.

Elements, Metallurgy and Minerals

Territories of the Altai Union are naturally rich regarding many elements, minerals as well. Especially Kazakhstan takes the lead in various fields. Richness of the Altai states would be profitable only if those resources are used efficiently and not exploited by foreigners. Those resources would lead to numerous industrial outputs.

Regarding uranium, Table 228 presents reserves of the Altai states.

Table 228. Uranium Reserves of the Altai states by 2009 (Tonnes)

Country	Volume	World Share	Rank
Azerbaijan	0	0.00%	0
Kazakhstan	651,800	12.10%	2
Kyrgyzstan	0	0.00%	0
South Korea	0	0.00%	0
Turkey	7,300	0.10%	23
Turkmenistan	0	0.00%	0
Uzbekistan	114,600	2.10%	11
Total	773,700		2

Note. Data retrieved from OECD, 2009

Kazakhstan owns the 2nd biggest uranium reserves in the world (651,800 tonnes) with a world share of 12.10 % which is amazing in fact. Uzbekistan follows Kazakhstan with a world share of 2.10 % and 114,600 tonnes of reserves. Turkey also has a slight volume of reserves which counts for 0.10 % of the world.

Another important product is aluminum presented in Table 229.

Table 229. Aluminum and Aluminum Oxide Production in 2007 (Tonnes)

	Aluminum Production		Aluminum Oxide Production	
Country	Volume	Rank	Volume	Rank
Azerbaijan	35,000	45	352,665	22
Kazakhstan			1,514,509	12
Turkey	65,000	39	140,089	25
Total	100,000	33	2,007,263	9

Note. Data retrieved from BGS (2007)

Kazakhstan is the 12th biggest producer of aluminum oxide producer of the world. Bauxite, copper and gold production of the Altai states is presented in Table 230.

Table 230. Bauxite, Copper and Gold Production in 2007 (Tonnes)

	Bauxite Production		Copper Production		Gold Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan						
Kazakhstan	4,962,600	11	459,200	11	10,000	27
Kyrgyzstan					10,721	24
South Korea					277	74
Turkey	863,404	16	30,000	26	2,205	52
Turkmenistan						
Uzbekistan			103,500	19	84,000	9
Total	5,826,004	9	592,700	9	107,203	7

Note. Data retrieved from BGS (2007)

Kazakhstan is the 11th biggest producer of bauxite and copper in the world. Turkey follows Kazakhstan with a production of 863,404 tonnes at the 16th place, within this Uzbekistan is ranked 19th in the world in copper production.

Uzbekistan is the 9th producer of gold in the world and total reserves of the Altai Union would be ranked 7th in the world with contributions of Kazakhstan and Kyrgyzstan. These products are followed by iron ore, manganese and steel in Table 231.

Table 231. Iron Ore, Manganese and Steel Production in 2007 (Tonnes)

	Iron Ore Production		Manganese Production		Steel Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan	17,000	41				
Kazakhstan	21,000,000	11	2,200,000	6	4,100,000	30
Kyrgyzstan						
South Korea	300,000	34			48,600,000	6
Turkey	4,700,000	19			25,300,000	10
Turkmenistan						
Uzbekistan						
Total	26,017,000	10	2,200,000	6	78,000,000	3

Note. Data retrieved from BGS (2007)

Kazakhstan is ranked 11th in iron ore production and 6th in manganese production in the world. Within this, Korea is ranked 6th in the world for steel production. Turkey follows Korea at the 10th place.

Next products are zinc, bentonite and feldspar which are important for industrial production (Table 232).

Table 232. Zinc, Bentonite and Feldspar Production in 2007 (Tonnes)

	Zinc Production		Bentonite Production		Feldspar Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan			40,600	20		
Kazakhstan	400,000	9				
Kyrgyzstan						
South Korea			61,137	19	427,378	11
Turkey	50,000	19	600,000	4	2,500,000	1
Turkmenistan						
Uzbekistan			15,000	31	4,300	49
Total	450,000	7	716,737	4	2,931,678	1

Note. Data retrieved from BGS (2007)

Kazakhstan produces 400,000 tonnes of zinc which makes her 9th in the world. Bentonite production of 600,000 tonnes puts Turkey at the first place. Finally, Turkey is the biggest producer of feldspar in the world with 2,500,000 tonnes.

Table 233. Fluorite, Salt and Boron Production in 2007 (Tonnes)

	Fluorite Production		Salt Production		Boron Production	
Country	Volume	Rank	Volume	Rank	Volume	Rank
Azerbaijan						
Kazakhstan					30,000	7
Kyrgyzstan	4,000	18				
South Korea			800,000	29		
Turkey	800	23	2,250,000	19	2,127,810	1
Turkmenistan			215,000	50		
Uzbekistan						
Total	4,800	18	3,265,000	18	2,157,810	1

Note. Data retrieved from BGS (2007)

For the first time, we have seen Kyrgyzstan with a production of 4,000 tonnes of fluorite which ranked her 18th in the world. Turkey has taken the lead between the Altai states with a production of 2.25 million tonnes of salt and world rank of 19th. Finally, boron production of Turkey, as been discussed many times by press, is the far biggest in the world.

Elements, metals and minerals are important structures used in various industries. These volumes prove that the Altai Union together will not be dependent to other states as well and will not have many difficulties in searching for new energy resources like boron.

the Altai states together, will not dependent to other states in terms of energy, food and raw materials. the Altai Union is likely to compete with China, the USA and Germany by using her resources more efficiently, creating new export possibilities, investing in tourism projects, providing a better integration and building stable relations with each other.

In the next chapter, in addition to those top sectors, competitive advantages of the Altai states in the world will be analyzed. Only sectors where the Altai states could take place in Top 10 individually or as a whole were selected on HS 2 Digits basis.

CHAPTER 5

COMPETITIVE ADVANTAGES

During the research, all 99 HS Codes based on 2 digits were analyzed. International trade is based on Harmonized System (HS) Codes. Every product is grouped under an HS Code of 2 digits and sub categories are established with similar products. For example, HS Code 44 identifies “Wood Products”; and subcategory 44.12 identifies “Plywood” while 44.10 identifies “Oriented Strand Boards”.

Each HS 2 Digit product’s share in the country’s total exports (“%” column) and world rank (“rank” column) was found out. Data from 2005 to 2009 is available but data of 2006, 2007 and 2008 will be shared only to be shorter. In order to keep it brief, sectors where the Altai states have competitive advantages, are going to be posted. To decide whether there is a competitive advantage or not, sectors where one or more the Altai states have taken place in Top 10 of the world were taken into account. Sometimes even though, there is no Altai state in Top 10, unification puts the total of the union into Top 10. This time, countries are not going to be analyzed separately, and data will be given on sectoral basis.

First, the total export volumes of the Altai states will be analyzed by 2006, 2007 and 2008 in Table 234.

Table 234. Total Export Volumes and Ranks of the Altai states (Thousand US$)

HS Code: 00 All Industries						
Year	2006		2007		2008	
Country	Export	Rank	Export	Rank	Export	Rank
Azerbaijan	6,372,058	89	6,058,203	94	47,756,141	58
Kazakhstan	38,245,397	53	47,755,276	52	71,171,720	44
Kyrgyzstan	794,029	147	1,134,129	141	1,617,490	139
South Korea	325,467,349	12	371,483,573	11	422,002,868	12
Turkey	85,533,980	35	107,279,829	34	132,000,933	33
Turkmenistan	5,441,346	94	6,468,070	91	9,085,750	86
Uzbekistan	5,371,823	95	6,469,412	90	7,176,046	94
Total	467,225,982	7	546,648,492	5	690,810,948	5

Note. Data retrieved from ITC (2011)

Considering the total volumes of the the Altai states where South Korea takes the lead, followed by Turkey, the Altai Union becomes 5th biggest exporter in the world after China, Germany, the USA and Japan, with a total volume of 690 billion US$ in 2008. Total of the Union cannot reach the half of Germany's total export volume of 1,466 Billion US$.

Export volumes for next product edible vegetables are presented in Table 235.

Table 235. Export Volumes of HS 07 Edible Vegetables (Thousand US$)

HS Code: 07 Edible Vegetables and Certain Roots and Tubers									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	33,285	67	0.52	39,097	73	0.65	63,597	61	0.13
Kazakhstan	47,483	58	0.12	60,799	59	0.13	81,307	52	0.11
Kyrgyzstan	23,914	75	3.01	47,911	68	4.22	43,118	70	2.67
South Korea	78,942	43	0.02	89,314	45	0.02	106,349	42	0.03
Turkey	706,533	11	0.83	861,378	12	0.80	951,856	12	0.72
Turkmenistan	1,885	125	0.03	917	134	0.01	951	138	0.01
Uzbekistan	121,464	34	2.26	147,954	34	2.29	71,348	58	0.99
Total	1,013,506	10		1,247,370	10		1,318,526	10	

Note. Data retrieved from ITC (2011)

The Altai Union led by Turkey which is followed by Uzbekistan and South Korea, reaches Top 10 of world's edible vegetables exports with a total volume of 1.3

billion US$ in 2008. 951 million US$ is equal to 0.72 % of Turkey's total exports and 72.19 % of the Altai Union's total edible vegetable exports. Turkey's leadership in agricultural products was already seen in the previous chapter. World leaders in this category had been Netherlands, Spain and China.

In Table 236, edible fruits are presented.

Table 236. Export Volumes of HS 08 Edible Fruits (Thousand US$)

HS Code: 08 Edible Fruit, Nuts, Peel of Citrus Fruit, Melons									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	98,708	52	1.55	124,518	51	2.06	152,254	50	0.32
Kazakhstan	27,528	91	0.07	53,951	76	0.11	56,092	80	0.08
Kyrgyzstan	10,531	111	1.33	30,109	93	2.65	49,510	82	3.06
South Korea	89,099	56	0.03	100,150	58	0.03	106,950	58	0.03
Turkey	2,388,314	6	2.79	2,670,613	6	2.49	2,855,224	7	2.16
Turkmenistan	4,591	124	0.08	2,631	131	0.04	1,231	142	0.01
Uzbekistan	377,491	28	7.03	280,889	38	4.34	209,049	47	2.91
Total	2,996,262	3		3,262,861	4		3,430,310	6	

Note. Data retrieved from ITC (2011)

Turkey with her hazelnuts, figs, apricots and cherries took the 6th or 7th place in the world between 2006 and 2008 and total volume of the Altai Union could reach 3rd place in 2006, 4th in 2007 and 6th in 2008 because of high decreases in Uzbekistan's export volume. 2.16 % of Turkey's exports belonged to those products which was equal to 83.23 % of the Altai Union's edible fruits exports in 2008. World leaders were the USA, Spain and Netherlands in 2008.

Table 237 presents export volumes of milling products.

Table 237. Export Volumes of HS 11 Milling Products (Thousand US$)

HS Code: 11 Milling Products, Malt, Starches, Inulin, Wheat Gluten									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	1,401	100	0.02	4,580	87	0.08	12,905	69	0.03
Kazakhstan	179,643	13	0.47	352,879	12	0.74	875,671	5	1.23
Kyrgyzstan	37	143	0.00	219	132	0.02	427	131	0.03
South Korea	31,137	39	0.01	34,291	45	0.01	32,477	49	0.01
Turkey	321,789	9	0.38	504,646	7	0.47	715,248	7	0.54
Turkmenistan	0	191	0.00	0	182	0.00	1,732	109	0.02
Uzbekistan	78	136	0.00	641	119	0.01	14,209	65	0.20
Total	534,085	5		897,256	5		1,652,669	1	

Note. Data retrieved from ITC (2011)

Turkey who took 9th place in 2006 and 7th in 2007 in the world, had lost her leadership in the Altai Union to Kazakhstan who was ranked 5th in the world for milling products. But together with a volume of 1.65 billion US$, the Altai Union has become the world leader by surpassing France, Germany and Belgium.

Table 238. Export Volumes of HS 14 Vegetable Plaiting Materials (Thousand US$)

HS Code: 14 Vegetable Plaiting Materials, Vegetable Products Nes									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	95	90	0.00	241	79	0.00	124	89	0.00
Kazakhstan	4,046	30	0.01	2,541	40	0.01	2,185	48	0.00
Kyrgyzstan	126	88	0.02	74	107	0.01	52	105	0.00
South Korea	408	71	0.00	311	75	0.00	264	76	0.00
Turkey	13,358	11	0.02	18,317	9	0.02	19,773	10	0.01
Turkmenistan	1,634	48	0.03	3,683	33	0.06	2,032	50	0.02
Uzbekistan	15,904	8	0.30	18,165	10	0.28	17,613	12	0.25
Total	35,571	4		43,332	5		42,043	4	

Note. Data retrieved from ITC (2011)

With a small volume of 19.7 million US$, Turkey had been 10th biggest exporter of vegetable plaiting materials in the world. Together with Uzbekistan (17.6 million US$), the Altai Union took the 4th place in the world after Kenya, the USA and China.

Table 239. Export Volumes of HS 24 Tobacco (Thousand US$)

HS Code: 24 Tobacco and Manufactured Tobacco Substitutes									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	19,870	78	0.31	7,435	95	0.12	4,060	107	0.01
Kazakhstan	39,527	58	0.10	50,381	60	0.11	47,620	66	0.07
Kyrgyzstan	11,577	88	1.46	14,037	87	1.24	16,471	87	1.02
South Korea	350,316	20	0.11	413,680	19	0.11	463,885	18	0.11
Turkey	684,889	6	0.80	643,805	9	0.60	704,549	11	0.53
Turkmenistan	0	185	0.00	0	178	0.00	0	186	0.00
Uzbekistan	10,010	92	0.19	8,797	93	0.14	12,698	91	0.18
Total	1,116,189	5		1,138,135	5		1,249,283	5	

Note. Data retrieved from ITC (2011)

Turkish tobacco has taken a remarkable place in world's market with ranks of 6th, 9th and 11th respectively with a volume of 704 million US$ in 2008. South Korea followed Turkey with 463 million US$ and total volume of 1.2 billion US$ made the Altai Union ranked 5th in the world after world leaders Germany, Netherlands and Brazil.

Table 240. Export Volumes of HS 25 Salt, Sulphur, Earth etc. (Thousand US$)

HS Code: 25 Salt, Sulphur, Earth, Stone, Plaster, Lime and Cement									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	2,374	126	0.04	3,304	130	0.05	3,881	132	0.01
Kazakhstan	120,196	48	0.31	168,591	45	0.35	646,323	23	0.91
Kyrgyzstan	25,847	82	3.26	44,389	79	3.91	51,715	86	3.20
South Korea	310,961	28	0.10	283,340	34	0.08	360,755	35	0.09
Turkey	1,032,718	7	1.21	1,317,231	6	1.23	2,090,736	7	1.58
Turkmenistan	1,843	132	0.03	1,241	142	0.02	5,382	129	0.06
Uzbekistan	31,312	79	0.58	106,620	54	1.65	110,855	62	1.54
Total	1,525,251	4		1,924,716	4		3,269,647	2	

Note. Data retrieved from ITC (2011)

Salt derivatives, sulphur, earth, stone and cements are important export products of Turkey with a total volume of 2.09 billion US$ (7th rank), followed by Kazakhstan

with 646 million US$ (23th rank). Finally, unification of the Altai states had surpassed Germany and Canada by taking the 2nd place in the world after China.

Table 241. Export Volumes of HS 26 Ores, Slag and Ash (Thousand US$)

HS Code: 26 Ores, Slag and Ash									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	3	149	0.00	104	140	0.00	2,792	115	0.01
Kazakhstan	1,112,620	13	2.91	1,589,138	13	3.33	2,412,305	11	3.39
Kyrgyzstan	3,066	101	0.39	5,918	102	0.52	4,615	111	0.29
South Korea	88,612	54	0.03	166,383	55	0.04	227,452	46	0.05
Turkey	511,085	25	0.60	885,496	24	0.83	1,036,347	24	0.79
Turkmenistan	0	165	0.00	0	172	0.00	0	172	0.00
Uzbekistan	1,446	112	0.03	9,385	98	0.15	9,907	100	0.14
Total	1,716,832	11		2,656,424	10		3,693,418	10	

Note. Data retrieved from ITC (2011)

Kazakhstan's rich natural resources are encountered one more time. 2.4 billion US$ export volume of Kazakhstan (3.39 %) has brought her to 11th place in the world. Turkey's volume had been a bit lower than half of Kazakhstan's. Total export volume of the Altai states (3.69 billion US$) was ranked 10th in the world after the leaders Australia, Brazil and Chile.

Table 242. Export Volumes of HS 27 Mineral Fuels, Oils (Thousand US$)

HS Code: 27 Mineral Fuels, Oils, Distillation Products etc.									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	5,390,289	53	84.59	4,931,412	57	81.40	46,363,078	23	97.08
Kazakhstan	26,279,306	25	68.71	31,518,615	22	66.00	48,910,885	22	68.72
Kyrgyzstan	148,852	111	18.75	279,658	101	24.66	61,470	135	3.80
South Korea	20,920,405	27	6.43	24,630,927	27	6.63	38,454,692	26	9.11
Turkey	3,567,423	63	4.17	5,147,931	56	4.80	7,531,454	51	5.71
Turkmenistan	4,717,970	58	86.71	5,916,147	53	91.47	7,482,000	52	82.35
Uzbekistan	844,691	87	15.72	949,566	86	14.68	2,546,981	80	35.49
Total	61,868,936	7		73,374,256	6		151,350,560	3	

Note. Data retrieved from ITC (2011)

Oil and gas have an indispensable role in Central Asian the Altai states. Kazakhstan with 48.91 billion US$ is the biggest exporter of the Altai Union and this volume counts for 68.72 % of Kazakhstan's total exports in 2008 (ranked 22th). Azerbaijan follows Kazakhstan (ranked 23th) with a volume of 46.36 billion US$ which is equal to 97.08 % of Azerbaijan's total exports. South Korea, without any oil or gas reserves, takes the 3rd place in the Altai Union and 26th in the world by exporting not crude oil of 38.45 billion US$ (9.11 % of her total exports). 82.35 % of Turkmenistan's exports were consisted of oil and gas in 2008 with a volume of 7.48 billion US$ (ranked 52th). And finally, 35.49 % of Uzbekistan's exports are mainly gas and oil (2.54 billion US$). With the unification, the Altai Union has become the 3rd biggest oil exporter in the world after Russia and Saudi Arabia.

Table 243. Export Volumes of HS 28 Inorganic Chemicals (Thousand US$)

HS Code: 28 Inorganic Chemicals, Precious Metal Compound, Isotopes									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	157,086	58	2.47	65,141	69	1.08	60,823	75	0.13
Kazakhstan	1,359,189	13	3.55	1,652,447	14	3.46	2,261,876	16	3.18
Kyrgyzstan	2,806	105	0.35	2,558	111	0.23	7,234	104	0.45
South Korea	968,840	20	0.30	1,241,103	16	0.33	2,264,900	15	0.54
Turkey	140,304	59	0.16	184,717	56	0.17	239,293	55	0.18
Turkmenistan	9,158	95	0.17	14,205	93	0.22	15,114	90	0.17
Uzbekistan	266,176	46	4.96	482,888	36	7.46	563,141	38	7.85
Total	2,903,559	8		3,643,059	9		5,412,381	6	

Note. Data retrieved from ITC (2011)

South Korea and Kazakhstan are the leaders of inorganic chemicals, precious metal compounds and isotopes in the Altai Union. By 2008, they have nearly the same export volumes and together with 5.4 billion US$, the Altai Union becomes 6th in the world in this category. The USA, Germany and China are at the Top 3 in the world.

Table 244. Export Volumes of HS 29 Organic Chemicals (Thousand US$)

HS Code: 29 Organic Chemicals									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	28,286	70	0.44	21,351	77	0.35	36,392	72	0.08
Kazakhstan	1,260	110	0.00	4,328	96	0.01	4,451	101	0.01
Kyrgyzstan	1,467	108	0.18	672	127	0.06	127	152	0.01
South Korea	12,730,414	11	3.91	15,166,029	8	4.08	15,785,711	8	3.74
Turkey	331,528	47	0.39	352,003	48	0.33	469,222	44	0.36
Turkmenistan	1	193	0.00	16	176	0.00	0	196	0.00
Uzbekistan	2,264	102	0.04	4,096	98	0.06	6,164	97	0.09
Total	13,095,220	11		15,548,495	8		16,302,067	8	

Note. Data retrieved from ITC (2011)

Like in inorganic ones, the USA, Germany and China are leaders in the world for organic chemicals too. In this category, S. Korea has a solid export volume of 15.78 billion US$ and takes the 8th place in the world. This volume counts for 3.74 % of S. Korea's total exports. Turkey followed S. Korea with a much lower volume of 469 million US$.

Table 245. Export Volumes of HS 39 Plastics (Thousand US$)

HS Code: 39 Plastics and Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	99,872	79	1.57	70,895	89	1.17	123,092	80	0.26
Kazakhstan	15,866	104	0.04	22,229	105	0.05	37,441	101	0.05
Kyrgyzstan	18,440	103	2.32	15,601	110	1.38	7,311	119	0.45
South Korea	15,391,277	9	4.73	17,733,044	9	4.77	20,218,348	8	4.79
Turkey	2,214,225	30	2.59	2,968,672	27	2.77	3,564,255	27	2.70
Turkmenistan	65,857	85	1.21	70,617	90	1.09	89,757	85	0.99
Uzbekistan	109,063	77	2.03	117,208	79	1.81	104,202	82	1.45
Total	17,914,600	6		20,998,266	6		24,144,406	5	

Note. Data retrieved from ITC (2011)

The Altai Union is the 5th biggest exporter of plastics in the world after Germany, the USA, Belgium and China. S. Korea has taken 83.73 % share between the Altai

states and had been ranked 8th in the world by 2008. 4.79 % of Korea's exports are plastic products. Turkey followed Korea with a volume of 3.56 billion US$ and was ranked 27th in the world in 2008. This category's share in Turkey's exports is 2.70 %.

Table 246. Export Volumes of HS 40 Rubber (Thousand US$)

HS Code: 40 Rubber and Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	691	124	0.01	561	136	0.01	686	134	0.00
Kazakhstan	21,528	78	0.06	25,097	78	0.05	29,627	77	0.04
Kyrgyzstan	1,354	112	0.17	3,044	106	0.27	4,820	102	0.30
South Korea	3,965,563	10	1.22	4,619,999	11	1.24	5,550,689	9	1.32
Turkey	1,192,505	24	1.39	1,589,168	22	1.48	1,807,959	22	1.37
Turkmenistan	18	192	0.00	51	178	0.00	78	172	0.00
Uzbekistan	660	126	0.01	304	146	0.00	114	166	0.00
Total	5,182,319	8		6,238,224	8		7,393,973	8	

Note. Data retrieved from ITC (2011)

In rubber sector, S. Korea takes the lead again with 5.55 billion US$ which counts for 1.32 % of her total exports. 9th ranked Korea is followed by Turkey who is ranked 22nd in the world with a volume of 1.80 billion US$. Total volume of 7.39 billion US$ makes the Altai Union 8th in the world.

Table 247. Export Volumes of HS 41 Raw Hides and Skins (Thousand US$)

HS Code: 41 Raw Hides and Skins (Other than Furskins) and Leather									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	3,338	111	0.05	9,651	90	0.16	10,583	83	0.02
Kazakhstan	237,565	26	0.62	347,003	20	0.73	450,927	16	0.63
Kyrgyzstan	14,061	77	1.77	15,586	81	1.37	17,011	75	1.05
South Korea	834,188	8	0.26	855,650	9	0.23	851,459	8	0.20
Turkey	102,608	39	0.12	120,149	39	0.11	121,057	38	0.09
Turkmenistan	3,959	107	0.07	8,221	96	0.13	3,303	115	0.04
Uzbekistan	2,050	122	0.04	4,866	108	0.08	3,865	111	0.05
Total	1,197,769	7		1,361,126	5		1,458,205	5	

Note. Data retrieved from ITC (2011)

S. Korea is ranked 8th in the world after Italy, the USA and Hong Kong with a volume of 851 million US$. Kazakhstan follows Korea with 450 million US$ and together the Altai Union is ranked 5th in the world with a total volume of 1.45 billion US$.

Table 248. Export Volumes of HS 50 Silk (Thousand US$)

HS Code: 50 Silk									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	1,534	35	0.02	657	44	0.01	1,028	43	0.00
Kazakhstan	1	112	0.00	0	129	0.00	0	146	0.00
Kyrgyzstan	185	64	0.02	136	70	0.01	34	79	0.00
South Korea	127,916	5	0.04	107,246	7	0.03	116,688	5	0.03
Turkey	3,338	24	0.00	3,281	27	0.00	3,391	26	0.00
Turkmenistan	857	42	0.02	188	62	0.00	224	60	0.00
Uzbekistan	7,560	20	0.14	8,222	21	0.13	7,211	22	0.10
Total	141,391	5		119,730	5		128,576	5	

Note. Data retrieved from ITC (2011)

Without any surprises, China continues her historical leadership in silk sector followed by Italy, India and Hong Kong. S. Korea takes the 5th place after those countries with a volume of 116 million US$.

Table 249. Export Volumes of HS 51 Wool (Thousand US$)

HS Code: 51 Wool, Animal Hair, Horsehair yarn and Fabric Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	0	150	0.00	0	148	0.00	0	147	0.00
Kazakhstan	49,039	35	0.13	84,810	30	0.18	64,939	32	0.09
Kyrgyzstan	4,020	70	0.51	5,888	65	0.52	2,591	73	0.16
South Korea	107,486	22	0.03	104,728	23	0.03	95,152	24	0.02
Turkey	185,032	15	0.22	228,990	13	0.21	233,140	11	0.18
Turkmenistan	4,446	67	0.08	6,081	64	0.09	4,133	68	0.05
Uzbekistan	2,842	74	0.05	3,022	75	0.05	2,622	71	0.04
Total	352,865	8		433,519	8		402,577	8	

Note. Data retrieved from ITC (2011)

Turkey, ranked 11th in the world, exported 233 million US$ worth wool, animal hair, horsehair yarn and fabrics and the Altai Union could earn the 8th place in the world with the total volume of 402.5 million US$ after Italy, China and Australia.

Table 250. Export Volumes of HS 52 Cotton (Thousand US$)

HS Code: 52 Cotton									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	43,113	66	0.68	39,898	69	0.66	24,888	81	0.05
Kazakhstan	209,151	34	0.55	203,772	35	0.43	161,536	40	0.23
Kyrgyzstan	39,181	69	4.93	31,645	80	2.79	25,527	78	1.58
South Korea	707,400	17	0.22	682,509	16	0.18	597,473	18	0.14
Turkey	1,338,304	10	1.56	1,611,286	8	1.50	1,633,624	8	1.24
Turkmenistan	245,326	31	4.51	326,002	24	5.04	246,594	30	2.71
Uzbekistan	1,441,052	9	26.83	1,440,533	10	22.27	822,534	13	11.46
Total	4,023,527	4		4,335,645	5		3,512,176	6	

Note. Data retrieved from ITC (2011)

Turkey had surpassed the famous Uzbek cotton in 2007 and 2008 with 1.6 billion US$ export volume. We recorded a sharp decrease in Uzbekistan in 2008, around 600 million US$. Total of the Altai Union was ranked 4th in 2006, 5th in 2007 and 6th in 2008 after China, the USA and India.

Table 251. Export Volumes of HS 54 Manmade Filaments (Thousand US$)

HS Code: 54 Manmade Filaments									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	6,069	72	0.10	6,730	72	0.11	4,851	79	0.01
Kazakhstan	32	130	0.00	6	154	0.00	1	169	0.00
Kyrgyzstan	4	152	0.00	6	155	0.00	238	110	0.01
South Korea	2,731,875	4	0.84	2,879,058	4	0.78	2,931,280	4	0.69
Turkey	1,036,871	11	1.21	1,256,411	9	1.17	1,336,058	9	1.01
Turkmenistan	0	173	0.00	139	118	0.00	21	140	0.00
Uzbekistan	249	108	0.00	32	137	0.00	863	98	0.01
Total	3,775,100	2		4,142,382	2		4,273,312	2	

Note. Data retrieved from ITC (2011)

Turkey has the main competitive advantage in textiles but here the leader is Korea which is ranked 4th in the world after China, Taiwan and Germany with a volume of 2.93 billion US$. Turkey's volume had been 1.33 billion US$ and was ranked 9th.

Table 252. Export Volumes of HS 55 Manmade Staple Fibres (Thousand US$)

HS Code: 55 Manmade Staple Fibres									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	159	116	0.00	250	114	0.00	0	189	0.00
Kazakhstan	42	138	0.00	125	121	0.00	102	125	0.00
Kyrgyzstan	981	100	0.12	483	103	0.04	2,492	95	0.15
South Korea	1,348,444	8	0.41	1,476,002	8	0.40	1,398,738	7	0.33
Turkey	765,057	14	0.89	764,299	14	0.71	767,036	14	0.58
Turkmenistan	80	122	0.00	69	133	0.00	37	141	0.00
Uzbekistan	4,699	82	0.09	6,291	80	0.10	3,132	94	0.04
Total	2,119,462	3		2,247,519	3		2,171,537	4	

Note. Data retrieved from ITC (2011)

S. Korea is also the leader in manmade staple fibres with 1.39 billion US$ export volume (ranked 7th). Turkey follows Korea with 767 million US$ and together the Altai Union becomes 4th biggest exporter of the world after China, the USA and Germany.

Table 253. Export Volumes of HS 56 Wadding, Felt, Nonwovens (Thousand US$)

HS Code: 56 Wadding, Felt, Nonwovens, Yarns, Twine, Cordage etc.									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	268	118	0.00	14	144	0.00	26	145	0.00
Kazakhstan	573	103	0.00	817	98	0.00	485	105	0.00
Kyrgyzstan	373	108	0.05	141	121	0.01	101	122	0.01
South Korea	655,845	7	0.20	674,521	7	0.18	660,809	8	0.16
Turkey	172,670	21	0.20	205,561	18	0.19	221,674	19	0.17
Turkmenistan	971	94	0.02	1,567	88	0.02	1,518	91	0.02
Uzbekistan	10,048	66	0.19	11,660	65	0.18	15,470	63	0.22
Total	840,748	7		894,281	7		900,083	5	

Note. Data retrieved from ITC (2011)

The Altai Union was ranked 5th in the world with the contributions of Korea with 660 million US$ and Turkey with 221 million US$. Germany, the USA and China were the leaders in that category as well.

Table 254. Export Volumes of HS 57 Carpets (Thousand US$)

HS Code: 57 Carpets and Other Textile Floor Coverings									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	266	89	0.00	307	94	0.01	227	100	0.00
Kazakhstan	102	105	0.00	113	103	0.00	364	93	0.00
Kyrgyzstan	185	94	0.02	123	102	0.01	111	103	0.01
South Korea	36,384	32	0.01	34,372	37	0.01	32,178	37	0.01
Turkey	743,097	6	0.87	991,980	6	0.92	1,158,468	5	0.88
Turkmenistan	2,166	68	0.04	1,602	79	0.02	1,380	78	0.02
Uzbekistan	178	96	0.00	400	92	0.01	1,821	73	0.03
Total	782,378	6		1,028,897	6		1,194,549	3	

Note. Data retrieved from ITC (2011)

Turkish carpets are ranked 5th in the world (1.15 billion US$) after Belgium, China, Netherlands and India. In 2008, total volume of 1.19 made the Altai Union 3rd in the world.

Table 255. Export Volumes of HS 58 Special Woven or Tufted Fabr. (Thousand US$)

HS Code: 58 Special Woven or Tufted Fabric, Lace, Tapestry etc.									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	89	111	0.00	157	106	0.00	123	114	0.00
Kazakhstan	1	162	0.00	82	113	0.00	220	107	0.00
Kyrgyzstan	117	107	0.01	2	157	0.00	39	122	0.00
South Korea	697,393	4	0.21	579,147	8	0.16	527,917	9	0.13
Turkey	571,484	9	0.67	654,107	5	0.61	683,456	3	0.52
Turkmenistan	1,258	77	0.02	1,384	76	0.02	734	88	0.01
Uzbekistan	264	96	0.00	156	107	0.00	532	91	0.01
Total	1,270,606	2		1,235,035	2		1,213,021	2	

Note. Data retrieved from ITC (2011)

Textile giant Turkey appears here finally ranked 3rd after China and Hong Kong. Together with S. Korea, the Altai Union becomes 2nd biggest exporter of the world in this category of textile products.

Table 256. Export Volumes of HS 59 Impregnated, Coated Textiles (Thousand US$)

HS Code: 59 Impregnated, Coated or Laminated Textile Fabric									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	0	161	0.00	0	167	0.00	6	134	0.00
Kazakhstan	465	80	0.00	428	85	0.00	862	74	0.00
Kyrgyzstan	12	131	0.00	148	103	0.01	0	166	0.00
South Korea	1,186,782	5	0.36	1,218,590	5	0.33	1,272,191	5	0.30
Turkey	284,143	17	0.33	316,068	16	0.29	331,657	16	0.25
Turkmenistan	0	170	0.00	49	119	0.00	62	113	0.00
Uzbekistan	148	96	0.00	151	102	0.00	204	94	0.00
Total	1,471,550	4		1,535,434	4		1,604,982	3	

Note. Data retrieved from ITC (2011)

In technology based products like fibres or impregnated, coated or laminated textiles, S. Korea mostly takes the lead. Korea was ranked 5th in the world with her volume of 1.27 billion US$ after China, Germany, the USA and Taiwan. Turkey's volume had been 331 million US$ and together 1.60 billion US$ was ranked 3rd in the world.

Table 257. Export Volumes of HS 60 Knitted or Crocheted Fabric (Thousand US$)

HS Code: 60 Knitted or Crocheted Fabric									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	3	134	0.00	0	159	0.00	0	163	0.00
Kazakhstan	0	162	0.00	0	154	0.00	0	153	0.00
Kyrgyzstan	1	148	0.00	12	123	0.00	0	162	0.00
South Korea	2,899,078	3	0.89	3,160,592	2	0.85	3,262,997	2	0.77
Turkey	753,147	8	0.88	1,011,908	8	0.94	1,132,545	7	0.86
Turkmenistan	3,065	70	0.06	2,681	74	0.04	3,416	75	0.04
Uzbekistan	7,746	59	0.14	8,248	62	0.13	11,046	63	0.15
Total	3,663,040	2		4,183,441	2		4,410,004	2	

Note. Data retrieved from ITC (2011)

S. Korea took the 2nd place after China with her volume of 3.26 billion US$. Turkey could only be at the 7th place with 1.13 billion US$. Together, they could not pass the giant China's volume of 6.36 billion US$.

Table 258. Export Volumes of HS 61 Articles of Apparel, Knit (Thousand US$)

HS Code: 61 Articles of Apparel, Accessories, Knit or Crochet									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	249	149	0.00	204	151	0.00	34	172	0.00
Kazakhstan	715	134	0.00	1,370	126	0.00	1,949	119	0.00
Kyrgyzstan	2.852	114	0.36	5,594	110	0.49	5,080	110	0.31
South Korea	1,172,463	26	0.36	1,003,358	30	0.27	906,755	32	0.21
Turkey	6,938,199	4	8.11	8,022,388	3	7.48	7,827,970	4	5.93
Turkmenistan	28,942	92	0.53	15,164	98	0.23	14,344	99	0.16
Uzbekistan	38,238	87	0.71	63,819	80	0.99	66,101	83	0.92
Total	8,181,658	3		9,111,897	3		8,822,233	3	

Note. Data retrieved from ITC (2011)

Turkey took the 4th place after China, Hong Kong and Italy with a strong volume of 7.82 billion US$. S. Korea followed Turkey with only 906 million US$ and together the Altai Union was ranked 3rd in 2008.

Table 259. Export Volumes of HS 62 Articles of Apparel, Not Knit (Thousand US$)

HS Code: 62 Articles of Apparel, Accessories, Not Knit or Crochet									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	180	162	0.00	172	159	0.00	344	154	0.00
Kazakhstan	1,255	131	0.00	317	149	0.00	1,037	136	0.00
Kyrgyzstan	44,674	90	5.63	73,388	86	6.47	92,145	82	5.70
South Korea	799,163	33	0.25	727,938	32	0.20	657,212	33	0.16
Turkey	4,710,895	7	5.51	5,445,210	6	5.08	5,326,707	8	4.04
Turkmenistan	12,268	105	0.23	18,025	99	0.28	20,189	102	0.22
Uzbekistan	5,306	114	0.10	4,856	111	0.08	8,683	108	0.12
Total	5,573,741	5		6,269,906	5		6,106,317	6	

Note. Data retrieved from ITC (2011)

One more, Turkey was the leader of the Altai states with 5.32 billion US$ of articles of apparel, accessories which are not knit. Turkey (8th rank) followed China,

Germany, Italy, Hong Kong and Germany. Korea was ranked 33rd in the world. 5.70 % of Kyrgyzstan's exports belonged to that category.

Table 260. Export Volumes of HS 63 Other Made Textile Articles (Thousand US$)

HS Code: 63 Other Made Textile Articles, Sets, Worn Clothing etc.									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	9,015	85	0.14	12,180	86	0.20	12,481	86	0.03
Kazakhstan	1,320	113	0.00	2,107	119	0.00	2,118	117	0.00
Kyrgyzstan	3,871	102	0.49	4,516	107	0.40	4,283	107	0.26
South Korea	509,580	15	0.16	570,562	15	0.15	648,762	15	0.15
Turkey	1,920,391	4	2.25	2,110,193	4	1.97	2,097,673	4	1.59
Turkmenistan	30,178	65	0.55	32,236	67	0.50	30,311	69	0.33
Uzbekistan	5,061	97	0.09	6,813	96	0.11	4,458	105	0.06
Total	2,479,416	3		2,738,607	3		2,800,086	3	

Note. Data retrieved from ITC (2011)

Turkey was ranked 4th in the world for other made textile articles with a volume of 2.09 billion US$. Korea's volume had been 648 million US$ and together they were ranked 3rd after China and Pakistan.

Table 261. Export Volumes of HS 65 Headgear and Parts (Thousand US$)

HS Code: 65 Headgear and Parts Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	3	154	0.00	2	161	0.00	1	162	0.00
Kazakhstan	26	118	0.00	35	122	0.00	42	120	0.00
Kyrgyzstan	177	93	0.02	343	88	0.03	328	89	0.02
South Korea	158,712	7	0.05	139,279	9	0.04	138,633	10	0.03
Turkey	9,502	36	0.01	11,744	34	0.01	16,164	30	0.01
Turkmenistan	0	185	0.00	1	171	0.00	0	181	0.00
Uzbekistan	12	133	0.00	10	142	0.00	7	144	0.00
Total	168,432	6		151,414	9		155,175	10	

Note. Data retrieved from ITC (2011)

Of course, China is the leader of this category as usual, followed by Italy, Hong Kong and Germany. S. Korea could take the 7th, 9th and 10th ranks respectively

during those years. China takes the advantage of price while Italy uses the force of branding.

Table 262. Export Volumes of HS 68 Stone, Plaster, Cement (Thousand US$)

HS Code: 68 Stone, Plaster, Cement, Asbestos, Mica, etc. articles									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	606	114	0.01	541	117	0.01	4,708	87	0.01
Kazakhstan	16,658	71	0.04	17,867	71	0.04	18,463	74	0.03
Kyrgyzstan	12,306	75	1.55	10,545	78	0.93	8,942	81	0.55
South Korea	391,277	19	0.12	429,505	21	0.12	461,421	22	0.11
Turkey	892,405	12	1.04	1,039,616	11	0.97	1,146,270	11	0.87
Turkmenistan	0	198	0.00	19	161	0.00	0	194	0.00
Uzbekistan	1,738	104	0.03	3,772	88	0.06	3,991	88	0.06
Total	1,314,990	7		1,501,865	7		1,643,795	9	

Note. Data retrieved from ITC (2011)

Anatolia's rich resources make Turkey 11th in the world for stone, plaster and cements. Together with Korea's volume of 461 million US$, they become 9th in the world after China, Germany and Italy.

Table 263. Export Volumes of HS 69 Ceramic Products (Thousand US$)

HS Code: 69 Ceramic Products									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	370	109	0.01	79	142	0.00	99	141	0.00
Kazakhstan	735	98	0.00	832	103	0.00	1,192	96	0.00
Kyrgyzstan	3,249	85	0.41	3,908	85	0.34	597	100	0.04
South Korea	110,952	35	0.03	116,753	34	0.03	122,979	35	0.03
Turkey	692,765	12	0.81	823,165	13	0.77	868,794	11	0.66
Turkmenistan	0	205	0.00	19	167	0.00	76	145	0.00
Uzbekistan	4,145	79	0.08	7,521	81	0.12	3,263	86	0.05
Total	812,216	10		952,277	9		997,000	9	

Note. Data retrieved from ITC (2011)

With the contributions of Çanakkale Seramik, Kale Seramik, Yüksel Seramik etc. Turkey could export ceramic products worth 868 million US$ and was ranked 11th

in the world after China, Italy and Germany. Total volume of the Altai Union was ranked 9th in the world thanks to Korea's contribution as well.

Table 264. Export Volumes of HS 70 Glass and Glassware (Thousand US$)

HS Code: 70 Glass and Glassware									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	151	131	0.00	180	130	0.00	177	136	0.00
Kazakhstan	2,182	97	0.01	2,199	100	0.00	1,924	106	0.00
Kyrgyzstan	28,279	61	3.56	40,311	61	3.55	33,766	64	2.09
South Korea	817,249	17	0.25	851,656	18	0.23	761,073	20	0.18
Turkey	680,113	19	0.80	829,192	19	0.77	1,016,811	17	0.77
Turkmenistan	2	198	0.00	2	197	0.00	32	169	0.00
Uzbekistan	15,358	70	0.29	21,471	68	0.33	14,810	77	0.21
Total	1,543,334	9		1,745,011	9		1,828,593	9	

Note. Data retrieved from ITC (2011)

Turkey's glass sector led by Şişecam was ranked 17th in the world with a total export volume of 1.01 billion US$ in 2008. S. Korea followed Turkey at the 20th place with 761 million US$. Together they could reach 1.82 million US$ and were ranked 9th after China, Germany, the USA and Japan.

Table 265. Export Volumes of HS 72 Iron and Steel (Thousand US$)

HS Code: 72 Iron and Steel									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	29,829	99	0.47	32,031	96	0.53	49,900	104	0.10
Kazakhstan	2,333,636	30	6.10	3,745,173	26	7.84	6,271,883	23	8.81
Kyrgyzstan	9,628	121	1.21	14,008	123	1.24	12,324	130	0.76
South Korea	13,985,391	7	4.30	16,445,545	10	4.43	21,333,983	9	5.06
Turkey	6,273,361	17	7.33	8,373,803	17	7.81	14,946,400	12	11.32
Turkmenistan	0	212	0.00	72	191	0.00	0	216	0.00
Uzbekistan	44,796	92	0.83	89,379	85	1.38	88,982	90	1.24
Total	22,676,641	4		28,700,011	4		42,703.472	2	

Note. Data retrieved from ITC (2011)

Iron and steel sector is one of the keys sectors of Korea, Turkey and Kazakhstan. S. Korea is the 9th biggest exporter of iron and steel with 21.33 billion US$. This

counts for 5.06 % of Korea's total exports. Within this, this share is 11.32 % in Turkey with 14.94 billion US$. Turkey is ranked 12th in the world. Kazakhstan has appeared with a volume of 6.27 billion US$ and this has counted for 8.81 % of Kazakhstan's total. China, Germany, Japan and Russia are the leader of iron and steel sector.

Table 266. Export Volumes of HS 73 Articles of Iron and Steel (Thousand US$)

HS Code: 73 Articles of Iron or Steel									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	35,575	83	0.56	32,031	85	0.53	181,446	66	0.38
Kazakhstan	76,924	69	0.20	144,965	65	0.30	258,942	61	0.36
Kyrgyzstan	3,091	120	0.39	5,261	118	0.46	4,246	126	0.26
South Korea	5,875,933	8	1.81	7,017,958	8	1.89	9,062,483	7	2.15
Turkey	3,336,282	18	3.90	4,129,702	18	3.85	5,742,286	18	4.35
Turkmenistan	486	163	0.01	938	150	0.01	1,463	146	0.02
Uzbekistan	1,163	142	0.02	1,196	144	0.02	2,614	138	0.04
Total	9,329,454	6		11,332,051	6		15,253,480	5	

Note. Data retrieved from ITC (2011)

Articles of iron and steel must also be taken into account. Korea takes the lead with 9.06 billion US$ and 7th place, followed by Turkey's 5.74 billion US$ and 18th place. This volume is 4.35 % of Turkey's total volume. Together, they reached a volume of 15.25 billion US$ and were ranked 5th in the world after China, Germany and Italy.

Regarding copper and articles, Korea, ranked 10th, takes the lead with 4.14 billion US$, followed by Kazakhstan, ranked 17th, with 2.90 billion US$ and Turkey, ranked 32th, with 1.15 billion US$. This volume is 4.08 % of Kazakhstan's total exports. Finally, together they are ranked 3rd with 8.61 billion US$ after Chile, Germany and Japan.

Table 267. Export Volumes of HS 74 Copper and Articles (Thousand US$)

HS Code: 74 Copper and Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	11,906	98	0.19	11,974	106	0.20	8,293	112	0.02
Kazakhstan	2,631,953	16	6.88	2,805,081	18	5.87	2,901,482	17	4.08
Kyrgyzstan	2,526	121	0.32	9,643	109	0.85	14,534	100	0.90
South Korea	4,016,596	10	1.23	4,252,994	11	1.14	4,149,142	10	0.98
Turkey	815,278	35	0.95	880,254	35	0.82	1,157,385	32	0.88
Turkmenistan	80	173	0.00	88	176	0.00	86	177	0.00
Uzbekistan	405,354	44	7.55	507,709	41	7.85	430,992	46	6.01
Total	7,883,693	3		8,467,743	3		8,661,914	3	

Note. Data retrieved from ITC (2011)

Table 268. Export Volumes of HS 78 Lead and Articles (Thousand US$)

HS Code: 78 Lead and Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	171	105	0.00	675	105	0.01	725	102	0.00
Kazakhstan	108,589	11	0.28	245,256	8	0.51	203,751	10	0.29
Kyrgyzstan	331	97	0.04	741	101	0.07	1,377	88	0.09
South Korea	61,575	15	0.02	109,925	17	0.03	154,573	13	0.04
Turkey	3,901	56	0.00	4,430	68	0.00	5,974	56	0.00
Turkmenistan	0	155	0.00	0	177	0.00	0	164	0.00
Uzbekistan	0	145	0.00	0	153	0.00	18	134	0.00
Total	174,567	7		361,027	6		366,418	5	

Note. Data retrieved from ITC (2011)

Australia, Germany and Canada are the leaders of lead and articles. In the Altai Union, Kazakhstan, ranked 10th, takes the lead with 203.75 million US$, followed by Korea, ranked 13th, with 154.57 million US$. The total volume is ranked 5th in the world.

Table 269. Export Volumes of HS 79 Zinc and Articles (Thousand US$)

HS Code: 79 Zinc and Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	9	133	0.00	0	158	0.00	32	119	0.00
Kazakhstan	804,394	9	2.10	1,010,192	8	2.12	640,356	7	0.90
Kyrgyzstan	0	169	0.00	57	130	0.01	62	113	0.00
South Korea	980,969	6	0.30	1,230,960	5	0.33	850,880	3	0.20
Turkey	9,331	52	0.01	12,642	50	0.01	12,930	49	0.01
Turkmenistan	0	176	0.00	0	166	0.00	5	137	0.00
Uzbekistan	84,678	32	1.58	157,179	32	2.43	110,123	29	1.53
Total	1,879,381	1		2,411,030	1		1,614,388	1	

Note. Data retrieved from ITC (2011)

The Altai Union gets ranked 1st in the world by surpassing Canada and Australia in zinc and articles sector. Korea takes the 3rd place in the world with 850.88 million US$ followed by Kazakhstan's 640.35 million US$.

Table 270. Export Volumes of HS 81 Other Base Metals (Thousand US$)

HS Code: 81 Other Base Metals, Cerments, Articles Thereof									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	0	130	0.00	0	163	0.00	0	153	0.00
Kazakhstan	164,660	18	0.43	179,655	21	0.38	221,203	20	0.31
Kyrgyzstan	165	79	0.02	45	100	0.00	72	93	0.00
South Korea	213,437	12	0.07	348,253	10	0.09	338,258	13	0.08
Turkey	2,233	60	0.00	4,296	60	0.00	5,760	52	0.00
Turkmenistan	94	84	0.00	0	162	0.00	0	151	0.00
Uzbekistan	14,632	43	0.27	24,857	41	0.38	28,366	43	0.40
Total	395,221	9		557,106	8		593,659	8	

Note. Data retrieved from ITC (2011)

S. Korea and Kazakhstan together make the Altai Union 8th biggest exporter of other base metals and articles in the world. Total volume is 593.65 million US$ and world leaders are China, the USA and Japan.

Table 271. Export Volumes of HS 84 Machinery (Thousand US$)

HS Code: 84 Boilers, Machinery, Nuclear Reactors, etc.									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	31,320	104	0.49	39,596	96	0.65	36,034	106	0.08
Kazakhstan	216,085	66	0.56	252,890	65	0.53	323,146	63	0.45
Kyrgyzstan	26,794	107	3.37	36,959	97	3.26	26,210	113	1.62
South Korea	42,296,069	11	13.00	49,776,128	10	13.40	49,528,922	11	11.74
Turkey	6,510,091	31	7.61	8,779,068	31	8.18	10,260,217	30	7.77
Turkmenistan	15,579	116	0.29	7,273	146	0.11	3,097	170	0.03
Uzbekistan	22,322	109	0.42	20,733	112	0.32	19,512	118	0.27
Total	49,118,260	10		58,912,647	9		60,197,138	5	

Note. Data retrieved from ITC (2011)

Machinery, boilers and nuclear reactors are one of the most important profit makers in the world and one of the signs of technological advance. Korea's exports' 11.74 % consists of machinery with a volume of 49.52 billion US$. Korea was ranked 11th in the world by 2008. Turkey also had a fair volume of 10.26 billion US$ which counted for 7.77 % of her total exports. Total volume of the Altai Union was 60.19 billion US$ in 2008 and this is supposed to be world's 5th highest volume after China, Germany, the USA and Japan. In this category, we also include automatic data processing machines, optical readers, parts, accessories of computers & office machines, printing machinery, machines with individual functions, machinery parts, turbo-jets, diesel or semi-diesel engines, centrifuges, sell-propelled bulldozer, angle dozer, grader, excavators, refrigerator, freezers, engines, air conditioning machines, dish washing machines, lifting machinery, harvesting machinery, fork-lift trucks, engines, motors, transmission shafts, liquid elevators, vacuum pumps, valves for pipes, etc.

Table 272. Export Volumes of HS 85 Electrical,Electron. Equipment (Thousand US$)

HS Code: 85 Electrical, Electronic Equipment									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	5,784	133	0.09	8,272	132	0.14	10,135	130	0.02
Kazakhstan	59,561	85	0.16	97,124	82	0.20	118,345	79	0.17
Kyrgyzstan	24,332	101	3.06	32,919	101	2.90	29,068	111	1.80
South Korea	85,600,974	7	26.30	91,057,028	7	24.51	94,286,407	7	22.34
Turkey	6,334,620	33	7.41	7,280,793	32	6.79	7,967,067	32	6.04
Turkmenistan	297	196	0.01	2,413	158	0.04	673	188	0.01
Uzbekistan	54,008	87	1.01	71,961	90	1.11	81,111	90	1.13
Total	92,079,576	7		98,550,510	7		102,492,806	7	

Note. Data retrieved from ITC (2011)

The electrical and electronic equipment sector includes electronic integrated circuits and micro assemblies, electric apparatus for line telephony, television camera, television receivers, insulated wire or cables, printed circuits, diodes and transistors, electric transformers, electric motors and generators, electric accumulators, recorded tapes, microphones, prepared unrecorded media, hair dryers, etc.

Korea placed 7th in the world with a solid volume of 94.28 billion US$ in that category, and was followed by Turkey with 7.96 billion US$. HS 85 counted for 22.34 % of Korea's exports. Total volume of the Altai Union could not pass Singapore ranked 6th with a volume of 108 billion US$.

In this category, China, Hong Kong, the USA, Germany and Japan were the world leaders and China's volume had been 329 billion US$ in 2008.

Table 273. Export Volumes of HS 87 Vehicles (Thousand US$)

HS Code: 87 Vehicles other than Railway, Tramway									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	6,822	117	0.11	4,523	128	0.07	4,021	138	0.01
Kazakhstan	17,985	95	0.05	31,116	93	0.07	47,815	89	0.07
Kyrgyzstan	15,990	99	2.01	38,916	87	3.43	27,842	96	1.72
South Korea	42,605,243	8	13.09	49,162,165	8	13.23	48,333,862	8	11.45
Turkey	11,871,616	19	13.88	15,856,877	18	14.78	18,209,686	17	13.80
Turkmenistan	532	170	0.01	7,303	117	0.11	662	172	0.01
Uzbekistan	499,702	52	9.30	791,658	50	12.24	770,132	48	10.73
Total	55,017,890	6		65,892,558	4		67,394,020	4	

Note. Data retrieved from ITC (2011)

As we have stated before, automobile industry is another important competitive advantage of the Altai states like Korea, Turkey and Uzbekistan. 11.45 % of Korea's total exports are cars and the volume was 48.33 billion US$ in 2008. Korea was ranked 8th in the world. Within this, Turkey who was ranked 17th in 2008, could export cars worth 18.20 billion US$ in total. This was counted for 13.80 % of Turkey's total exports. Uzbekistan who also owns a profitable automobile industry exported a volume of 770 million US$ in 2008 and was ranked 48th. This was 10.73 % of Uzbekistan's total exports.

World leadership in automobile industry belonged to Germany in 2008 with a volume of 232.42 billion US$, followed by Japan (172.20 billion), the USA (111.45 billion) and France (61.85 billion). the Altai Union with her total export volume of 67.39 billion US$, could surpass France and was ranked 4th in the world.

This category includes cars, parts & accessories of motor vehicles, trucks, tractors, trailers & semi-trailers, motorcycles, side-cars, public-transport type passenger motor vehicles, bodies for motor vehicles, tanks and other armored fighting vehicles, baby carriages, work trucks and bicycles.

Table 274. Export Volumes of HS 89 Ships and Boats (Thousand US$)

HS Code: 89 Ships, Boats and other Floating Structures									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	73,229	53	1.15	93,173	50	1.54	124,725	49	0.26
Kazakhstan	81,602	51	0.21	68,705	56	0.14	10,287	88	0.01
Kyrgyzstan	0	201	0.00	4	182	0.00	172	147	0.01
South Korea	21,492,881	1	6.60	26,631,960	1	7.17	40,967,637	1	9.71
Turkey	1,396,667	13	1.63	1,817,565	13	1.69	2,646,783	9	2.01
Turkmenistan	269,614	34	4.95	449	123	0.01	8,422	95	0.09
Uzbekistan	40	150	0.00	25	168	0.00	112	157	0.00
Total	23,314,033	1		28,611,881	1		43,758,138	1	

Note. Data retrieved from ITC (2011)

The Altai Union's another competitive advantaged sector is the ship building industry. Korea is the number one exporter of ships, boats and other floating structures in the world with a volume of 40.96 billion US$. This volume is 9.71 % of Korea's total exports. Within Turkey was ranked 9th in the world with a total volume of 2.64 %. Azerbaijan has also started a ship building industry and has already reached 124.7 million US$ export volume by 2008. The total volume of the Altai Union is about 24 billion US$ higher than followers Japan and China.

Table 275. Export Volumes of HS 90 Optical, Photo, Techn. App. (Thousand US$)

HS Code: 90 Optical, Photo, Technical, Medical, etc. Apparatus									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	4,606	102	0.07	13,157	85	0.22	3,621	119	0.01
Kazakhstan	16,047	79	0.04	17,785	82	0.04	25,180	80	0.04
Kyrgyzstan	709	147	0.09	3,614	109	0.32	1,480	141	0.09
South Korea	18,535,520	6	5.70	24,133,888	5	6.50	28,556,995	5	6.77
Turkey	226,497	44	0.26	302,831	45	0.28	364,828	48	0.28
Turkmenistan	2,348	119	0.04	3,301	111	0.05	1,258	150	0.01
Uzbekistan	3,572	114	0.07	6,672	99	0.10	3,826	117	0.05
Total	18,789,299	6		24,481,248	5		28,957,188	5	

Note. Data retrieved from ITC (2011)

This category includes liquid crystal devices (LCDs), electro-medical apparatus, orthopedic appliances, instruments for analysis, measuring or checking machines, optical fibre, cables, x-rays, lenses, prisms, photographic cameras, goggles etc. And Korea was placed 5th in the world with a total volume of 28.55 billion US$ (6.77 % of total exports). Unfortunately, following Turkey's volume could only be 364 million US$. In this category; the USA, Germany, China and Japan have taken the lead.

Table 276. Export Volumes of HS 92 Musical Instruments (Thousand US$)

HS Code: 92 Musical Instruments, Parts and Accessories									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	37	114	0.00	51	108	0.00	18	129	0.00
Kazakhstan	9	139	0.00	18	131	0.00	34	120	0.00
Kyrgyzstan	0	205	0.00	33	120	0.00	0	213	0.00
South Korea	194,803	8	0.06	184,483	9	0.05	185,977	9	0.04
Turkey	5,713	33	0.01	8,004	34	0.01	9,731	32	0.01
Turkmenistan	0	192	0.00	0	187	0.00	0	187	0.00
Uzbekistan	0	172	0.00	0	185	0.00	0	182	0.00
Total	200,562	8		192,589	9		195,760	9	

Note. Data retrieved from ITC (2011)

In this small category, Korea was ranked 9th in the world with her export volume of 185.97 billion US$. China, the USA and Japan were the world leaders.

Table 277. Export Volumes of HS 96 Misc. Manufactured Articles (Thousand US$)

HS Code: 96 Miscellaneous Manufactured Articles									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	9	180	0.00	110	139	0.00	190	128	0.00
Kazakhstan	180	123	0.00	199	126	0.00	455	111	0.00
Kyrgyzstan	183	121	0.02	281	117	0.02	344	116	0.02
South Korea	514,273	11	0.16	511,249	13	0.14	505,789	14	0.12
Turkey	97,220	31	0.11	116,218	29	0.11	119,600	29	0.09
Turkmenistan	4	189	0.00	2	187	0.00	49	152	0.00
Uzbekistan	3,159	81	0.06	3,576	81	0.06	3,635	83	0.05
Total	615,028	9		631,635	9		630,062	9	

Note. Data retrieved from ITC (2011)

Another small category is miscellaneous manufactured articles with the leadership of China, Germany and Japan. Korea has taken the 14th place with 505.78 million US$ and Turkey has followed Korea with 119.6 million US$, together they were ranked 9th in the world. This category included ballpoint pencils, markers and writing instruments, brooms, brushers, slide fasteners, buttons, typewriters, cigarette lighters, chalks, combs, smoking pipes etc.

Table 278. Export Volumes of HS 97 Works of Art (Thousand US$)

HS Code: 97 Works of Art, Collectors Pieces and Antiques									
Year	2006			2007			2008		
Country	Export	Rank	%	Export	Rank	%	Export	Rank	%
Azerbaijan	92	130	0.00	258	107	0.00	184	126	0.00
Kazakhstan	50	146	0.00	82	141	0.00	148	130	0.00
Kyrgyzstan	1	197	0.00	35	159	0.00	1	198	0.00
South Korea	347,498	10	0.11	163,144	13	0.04	785.591	5	0.19
Turkey	647	86	0.00	795	88	0.00	1.103	87	0.00
Turkmenistan	141	120	0.00	224	111	0.00	7.286	46	0.08
Uzbekistan	361	97	0.01	1,672	62	0.03	7.886	45	0.11
Total	348,790	10		166,210	13		802.199	5	

Note. Data retrieved from ITC (2011)

For the final category, the USA, UK, Switzerland and France have been the world leaders. Korea has taken the 5th place with 785.59 million US$. This category

included paintings, drawings, pastel, collages and art executed by hand; original sculptures, antiques, collection piece of zoo, botanic, history; original engravings, prints and lithographs.

As a result, it can be seen that the Altai states have competitive advantages in many sectors in the world especially led by Korea and Turkey. China remains the biggest competitor against Altai products. the Altai Union together can become a giant in textile, agriculture, electronics, machinery, mineral fuels, various elements and many industries like iron and steel, glass, rubber or plastics. But multilateral trade between the Altai states has to be increased, as well. Tariffs are the main cause of these low trade volumes among the Altai states.

Therefore, in the next chapter, customs tariffs will be analyzed for ten selected products of each Altai state. Tariffs applied by the Altai states for these products, other the Altai states' total import volumes of these products and their trade partners will be presented.

CHAPTER 6

CUSTOM TARIFFS

The main aim of a customs union is to remove all tariffs and create new trade opportunities with the assumption that tariffs are the main obstacle to creating hşgher trade volumes. Therefore, custom tariffs applied by the Altai states to other selected the Altai states will be analyzed separately. Tariffs applied by the Altai states to other countries outside of the Altai Union are going to be analyzed in following chapters by setting up targets. This chapter's aim is to provide the big picture of tariff strategies among the Altai states. Ten most exported products were selected specifically, and the total ad valorem equivalent of HS 4 Digits were taken into account. The data of 2008 was used. At the end of the analysis, those tariffs rates are given by a short table. In the tables, countries' export volumes are given in the "Volume" column and the Altai states' import volumes are also given in the "Total" columns with their Top 3 partners for each product.

First country to be analyzed will be Turkey by starting with her automobile industry. Table 279 presents tariffs applied by other the Altai states for Turkish cars. Within this, the Altai states' total import volumes of that product and their best import partners are given as well.

Chosen Product 1	: Cars (including station wagon) – HS 8703
Total Export Volume	: 7,474,402,000 US$
World Share	: 1.17 %
Top 3 Export Partners	: France, Russia and Italy

Table 279. Tariffs Applied to Turkey's 8703 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
14,596	1.98%	595,795	2,659	21.06%	493,497	0	10.00%	128,390
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Korea, Germany, UAE			Lithuania, UAE, Germany			Korea, Lithuania, Japan		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
39	8.00%	2,501,309	487	0.00%	58,661	0	30.00%	231,729
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, Japan, the USA			Germany, UAE, Russia			Korea, Russia, UAE		

Note. Data retrieved from ITC (2011)

High tariffs are Applied to Turkish cars by Kyrgyzstan, Kazakhstan and Uzbekistan. Korea mostly states Turkey as her "Most Favored Nation (MFN)" and applies similar tariffs. But compared to the exported volume of Turkey-made cars, exports to the Altai states are terribly low and even do not exist.

Chosen Product 2 : Refrigerator, freezer, etc. – HS 8418

Total Export Volume : 1,454,177,000 US$

World Share : 3.59 %

Top 3 Export Partners : United Kingdom, France, Germany

Table 280. Tariffs Applied to Turkey's 8418 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
18,593	13.89%	39,453	11,077	17.21%	175,393	4,013	10.00%	14,592
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Ukraine, Turkey			China, Russia, Turkey			Russia, Turkey, China		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
250	8.00%	213,313	5,775	0.00%	21,077	3,725	8.55%	38,134
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, the USA, Indonesia			India, Turkey, Russia			Russia, China, Ukraine		

Note. Data retrieved from ITC (2011)

Turkish brands like Vestel, Beko and Arçelik are included in this category. A very low volume is exported to the Altai states mostly caused by high tariffs especially in Azerbaijan, Kazakhstan and Kyrgyzstan.

Chosen Product 3 : Bars & rod of Iron – HS 7214

Total Export Volume : 8,800,147,000 US$

World Share : 27.91 %

Top 3 Export Partners : United Arab Emirates, Qatar, Iraq

Table 281. Tariffs Applied to Turkey's 7214 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
22,695	6.13%	64,013	1	5.89%	259,354	0	0.00%	26,632
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Ukraine, Turkey, Russia			Russia, Uzbekistan, China			Russia, Ukraine, China		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	1,628,043	83,574	0.00%	150,620	23	5.00%	6,185
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Japan, Taiwan			Turkey, Russia, Ukraine			Russia, China, Ukraine		

Note. Data retrieved from ITC (2011)

Even though there are low tariff rates for iron and steel sector, Turkey's exports to the Altai states are very low. Only in Turkmenistan, Turkey could take part in 55.48 % of her imports. Turkey's share of 27.91 % is incredibly high considering those values.

Chosen Product 4 : T-shirts, singlets and other vests – HS 6109

Total Export Volume : 2,904,715,000 US$

World Share : 7.97 %

Top 3 Export Partners : Germany, United Kingdom, Italy

Table 282. Tariffs Applied to Turkey's 6109 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
337	15.00%	35,941	3,578	10.24%	158,556	1,909	10.00%	281,108
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, India, Italy			China, India, Turkey			China, India, Turkey		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
1,810	13.00%	271,040	64	50.00%	307	109	30.00%	2,331
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, India, Italy			China, UAE, Turkey			China, Russia, Turkey		

Note. Data retrieved from ITC (2011)

The Altai states are applying very high tariffs rate against Turkish textile. Especially 50.00 % rate in Turkmenistan, 30.00 % in Uzbekistan and 15.00 % in Azerbaijan are blocking Turkey's exports and China takes the lead with India. Instead of buying from Turkey, the Altai states import Chinese or Indian products. Turkmenistan prefers here to protect her textile industry by blocking imports.

Chosen Product 5 : Insulated wire/cable – HS 8544

Total Export Volume : 2,087,511,000 US$

World Share : 2.16 %

Top 3 Export Partners : United Kingdom, Iraq, Qatar

Table 283. Tariffs Applied to Turkey's 8544 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
39,737	11.03%	88,132	52,074	11.18%	295,609	2,391	0.47%	11,971
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Russia, Ukraine			Russia, Turkey, Germany			Russia, Turkey, China		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	6.36%	1,273,123	24,765	0.00%	51,540	2,378	28.66%	22,067
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Japan, the USA			Turkey, China, Russia			China, Russia, Germany		

Note. Data retrieved from ITC (2011)

Electronic and electrical equipments are also important export products of Turkey. High tariffs are applied by Uzbekistan, Azerbaijan and Kazakhstan blocks the trade volume and makes Russia leader in those countries. Meanwhile, Korea imports 1.2 billion US$ of those products with a 6.36 % total ad valorem equivalent tariff to Turkey and Turkey has no share in Korea's import volume.

Chosen Product 6 : Petroleum oils, not crude – HS 2710

Total Export Volume : 7,083,608,000 US$

World Share : 0.90 %

Top 3 Export Partners : Areas not elsewhere specified, Italy, UAE

Table 284. Tariffs Applied to Turkey's 2710 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
15,026	12.17%	79,123	28,082	5.00%	1,451,649	145	1.58%	839,491
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Turkey, Russia			Russia, Finland, Turkey			Russia, Kazakhstan, Belg.		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
71	5.35%	5,769,994	6,025	0.00%	22,795	1,914	29.96%	162,400
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
India, Japan, China			Turkey, Russia, Latvia			Kazakhstan, Russia, Fin.		

Note. Data retrieved from ITC (2011)

Like Korea, Turkey exports oil which is not crude after processing crude oil. Medium rate tariffs are Applied to Turkey except Uzbekistan's high rate. Turkey's share is very low in the Altai states especially in Korea which imports 5.7 billion US$. Exports stated as made to areas not elsewhere specified create question marks. Russia's influence is also heavily felt in this product.

Chosen Product 7 : Tubes, pipes and hollow profiles of iron – HS 7306

Total Export Volume : 1,492,473,000 US$

World Share : 5.30 %

Top 3 Export Partners : Algeria, United Kingdom, Romania

Table 285. Tariffs Applied to Turkey's 7306 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
48,030	9.24%	103,651	6,430	15.73%	568,624	174	0.00%	9,178
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Russia, Ukraine			China, Russia, Ukraine			China, Kazakhstan, Ukraine		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
24	0.00%	153,233	5,250	0.00%	44,634	2,198	10.00%	33,738
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Japan, the USA			China, Ukraine, Russia			Russia, China, Ukraine		

Note. Data retrieved from ITC (2011)

Another iron product 7306 is mostly imported from Russia, Ukraine and China to the Altai states. Turkey's share is only significant in Azerbaijan meanwhile there are high tariffs applied in Kazakhstan and Uzbekistan.

Chosen Product 8 : Women's suits, jackets, dress skirts – HS 6204

Total Export Volume : 2,196,306,000 US$

World Share : 4.10 %

Top 3 Export Partners : United Kingdom, Germany, Spain

Table 286. Tariffs Applied to Turkey's 6204 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
237	15.00%	16,594	3,661	11.14%	89,325	222	11.99%	17,186
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, France, Germany			Italy, China, Germany			China, India, Italy		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
1,237	13.00%	520,782	86	35.05%	1,665	130	30.00%	6,535
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Italy, Hong Kong			India, UAE, Turkey			Italy, France, Germany		

Note. Data retrieved from ITC (2011)

Another textile product faces high tariff rates in the Altai states. Those rates create chance for Italian brands and Chinese products. With the tariff rate of 13.00 % applied by Korea, Turkey could only export 1.2 million US$ to Korea, while they were importing around 520.7 million US$ in 2008.

Chosen Product 9 : Tubes, pipes & hoses of plastics – HS 3917

Total Export Volume : 674,024,000 US$

World Share : 3.36 %

Top 3 Export Partners : Russia, Iraq, Libya

Table 287. Tariffs Applied to Turkey's 3917 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
29,569	10.88%	38,011	28,269	9.06%	128,629	1,618	0.00%	9,081
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Russia, Germany			China, Russia, Turkey			China, Turkey, Russia		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
271	6.93%	134,529	19,580	0.00%	29,135	10,926	10.26%	17,343
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Japan, the USA, Germany			Turkey, Russia, China			Turkey, Russia, China		

Note. Data retrieved from ITC (2011)

Despite high tariff rates on Turkish plastic products, Turkey could take the highest share in Azerbaijan, Turkmenistan and Uzbekistan's imports and could beat Russia. Within this, Korea mostly preferred Japan, the USA and Germany and applied a tariff of 6.93 % to Turkey. In Kazakhstan and Kyrgyzstan, China was the market leader although there was no custom tax for Turkish plastics in Kyrgyzstan.

Chosen Product 10 : Nuts – HS 0802

Total Export Volume : 904,131,000 US$

World Share : 11.01 %

Top 3 Export Partners : Italy, Germany, France

Table 288. Tariffs Applied to Turkey's 0802 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
195	15.00%	2,188	51	2.23%	935	828	0.00%	828
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Georgia, Ukraine, Turkey			Germany, the USA, Georgia			Turkey		
South Korea			Turkmenistan			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	18.69%	93,209	216	20.20%	231	0	36.02%	103
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
the USA, China, Australia			Turkey, Kyrgyzstan			Kyrgyzstan, Georgia, Azerb.		

Note. Data retrieved from ITC (2011)

Agriculture is another important sector of Turkey's Central Anatolia and Black Sea regions. There are not many imports made by the Altai states except Korea where Turkey had no share of imports.

Those values show that with an encouraged export-import strategy and removal of tariffs, beginning of a customs union towards an economic integration would be successful as it will create new markets for Turkey.

The second candidate country of the Altai Union is Azerbaijan. Table 289 presents tariffs Applied to Azerbaijan's oil.

Chosen Product 1 : Crude petroleum oils – HS 2709

Total Export Volume : 44,170,912,000 US$

World Share : 2.94 %

Top 3 Export Partners : Italy, the USA, Israel

Table 289. Tariffs Applied to Azerbaijan's 2709 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	2,459,333	0	0.00%	71,918	696,773	3.00%	85,856,208
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Kyrgyzstan			Russia, Tajikistan			Saudi Arabia, UAE, Kuwait		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
274,462	0.00%	15,638,922	0	0.00%	0	0	0.00%	388,017
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Iran, Russia, Saudi Arabia			-			KZ, KG, Russia		

Note. Data retrieved from ITC (2011)

There is only a low tariff applied in Korea against Azerbaijan's petroleum. Azerbaijan's part in Korea crazy import volume of 85.8 billion US$ was only 8.11 %. Kazakhstan also preferred Russian oil like Kyrgyzstan did.

Chosen Product 2 : Structures (rods, angle, plates) of iron – HS 7308

Total Export Volume : 153,735,000 US$

World Share : 0.33 %

Top 3 Export Partners : Kazakhstan, Russia, Georgia

Table 290. Tariffs Applied to Azerbaijan's 7308 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
153,468	0.00%	566,943	0	0.00%	28,190	0	2.40%	994,014
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
AZ, Russia, China			China, Korea, Kazakhstan			China, India, Norway		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	285,589	0	0.00%	106,151	0	0.00%	27,279
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Germany, Italy			Turkey, Russia, Malaysia			Japan, China, Russia		

Note. Data retrieved from ITC (2011)

One of Azerbaijan's newly-developing industry's products is iron as well. Even though there are no tariffs except low tariff of Korea, Azerbaijan could only export her iron to Kazakhstan.

Chosen Product 3 : Fruits, fresh – HS 0810

Total Export Volume : 58,055,000 US$

World Share : 8.60 %

Top 3 Export Partners : Russia, Ukraine, Belarus

Table 291. Tariffs Applied to Azerbaijan's 0810 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
1	0.00%	2,348	0	0.00%	64	0	45.50%	57,305
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Israel, Russia, Netherlands			China, Lithuania, Turkey			New Zealand, the USA, Chile		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	51.49%	2,665	2	81.76%	5	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Greece, Netherlands, Chile			Turkey, Azerbaijan			-		

Note. Data retrieved from ITC (2011)

Imports volumes are so low but tariffs of Korea, Turkey and Turkmenistan are very high against Azerbaijani fresh fruits. Korea's import volume is equal to Azerbaijan's

export volume, but Korea prefers New Zealand, the USA and Chile by applying 45.50 % tariff to Azerbaijan.

Chosen Product 4 : Light vessel, dredger, floating dock – HS 8905

Total Export Volume : 96,733,000 US$

World Share : 0.58 %

Top 3 Export Partners : Kazakhstan, Russia

Table 292. Tariffs Applied to Azerbaijan's 8905 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
85,279	0.00%	93,286	0	0.00%	0	0	5.00%	144,129
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Azerbaijan, Russia, Italy			-			China, Japan, Netherlands		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	1,080	0	0.00%	2,542	0	0.00%	3,428
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, the USA, Greece			Georgia, China			China, Russia		

Note. Data retrieved from ITC (2011)

Azerbaijan's ship building is developing and there is only a 5.00 % tariff applied by Korea which is the biggest ship builder in the world. Azerbaijan only exports to Kazakhstan and Russia.

Chosen Product 5 : Animal or vegetable fats, oil & fracts – HS 1516

Total Export Volume : 53,741,000 US$

World Share : 1.03 %

Top 3 Export Partners : Russia, Georgia, Iraq

Table 293. Tariffs Applied to Azerbaijan's 1516 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
22	0.00%	11,080	0	0.00%	1,332	0	20.22%	64,458
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Ukraine, Germany, Singap.			Kazakhstan, Malaysia, China			Malaysia, Thailand, the USA		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	39.28%	45,414	85	10.00%	199	0	0.00%	7,293
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Malaysia, Germany, India			Russia, Azerbaijan, Turkey			Malaysia, Indonesia, TR		

Note. Data retrieved from ITC (2011)

Turkey, Korea and Turkmenistan apply high tariffs for Azerbaijan's animal fats and oils. Azerbaijan could not make any significant exports to the Altai states.

Chosen Product 6 : Polymers of ethylene, in primary forms – HS 3901

Total Export Volume : 82,390,000 US$

World Share : 0.14 %

Top 3 Export Partners : Turkey, Iran, Ukraine

Table 294. Tariffs Applied to Azerbaijan's 3901 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
1,946	0.00%	108,251	938	0.00%	4,733	0	6.50%	215,127
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Sweden, Korea			Russia, Azerbaijan, China			the USA, Japan, China		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
39,274	0.00%	995,037	685	0.00%	2,755	606	0.00%	22,246
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Germany, France			Korea, Azerbaijan, France			Korea, Russia, China		

Note. Data retrieved from ITC (2011)

For Azerbaijan's plastic sector, only Korea applies 6.50 % tariff but Azerbaijan exports only a good volume to Turkey preferring European chemicals of plastics.

Chosen Product 7 : Unwrought aluminum – HS 7601

Total Export Volume : 121,164,000 US$

World Share : 0.23 %

Top 3 Export Partners : Hong Kong, Turkey, Iran

Table 295. Tariffs Applied to Azerbaijan's 7601 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	5,326	0	0.00%	1,305	0	1.32%	1,838,031
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, UK, Kyrgyzstan			Kazakhstan, Russia			China, Australia, Russia		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
51,503	4.20%	1,126,685	0	0.00%	54	0	0.00%	19,452
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Ukraine, Australia			Turkey			Russia, Kazakhstan, Turkey		

Note. Data retrieved from ITC (2011)

Azerbaijan's aluminum sector performed well in 2008 and exports have passed 121 million US$. Between the Altai states, Azerbaijan could only export to Turkey which was the only tariff applying Altai state (4.20 %). Because of the tariff, Azerbaijan's share was only 4.57 % in Turkey's aluminum imports.

Chosen Product 8 : Cane sugar and chemically pure sucrose – HS 1701

Total Export Volume : 83,409,000 US$

World Share : 0.44 %

Top 3 Export Partners : Russia, Georgia, Turkmenistan

Table 296. Tariffs Applied to Azerbaijan's 1701 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
308	0.00%	31,655	2,211	0.00%	28,901	0	22.48%	121,093
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belarus, Russia, Poland			Belarus, Kazakhstan, AZ			Thailand, South Africa, Guat.		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	135.00%	20,128	9,741	0.00%	19,693	1,594	0.00%	64,503
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Brazil, UAE, UK			Azerbaijan, Poland, Russia			Belarus, Austria, Poland		

Note. Data retrieved from ITC (2011)

S. Korea applies 22.48 % and Turkey applies 135.00 % against Azerbaijan's sugar which is blocking her exports. The only significant exports were made to Turkmenistan. Central Asian states do not apply tariff to Azerbaijan for sugar derivatives.

Chosen Product 9 : Potatoes – HS 0710

Total Export Volume : 30,621,000 US$

World Share : 0.92 %

Top 3 Export Partners : Russia, Kazakhstan, Ukraine

Table 297. Tariffs Applied to Azerbaijan's 0710 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
154	0.00%	8,041	0	0.00%	108	0	25.28%	8,328
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Russia, Belarus			Germany, Holland, Russia			the USA, Australia, Vietnam		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	19.30%	8,573	0	91.25%	129	0	0.00%	2,237
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Holland, Germany, UK			Ukraine, Russia, Pakistan			Holland, Russia, Belarus		

Note. Data retrieved from ITC (2011)

Turkmenistan applies 91.25 % tariff to Azerbaijan's potatoes which are mostly exported to Russia. Turkey and Korea which import low volumes of potatoes apply 19.30 % and 25.29 % tariff respectively.

Chosen Product 10 : Aluminum oxide, hydroxide – HS 2818

Total Export Volume : 54,935,000 US$

World Share : 0.37 %

Top 3 Export Partners : Tajikistan, Hong Kong, Georgia

Table 298. Tariffs Applied to Azerbaijan's 2818 (Thousand US$)

Kazakhstan			Kyrgyzstan			South Korea		
Volume	Tariff	KZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	1,331	0	0.00%	5	0	1.50%	175,147
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
the USA, China, Russia			Kazakhstan, Russia			China, Japan, the USA		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	3.85%	32,735	0	0.00%	169	0	0.00%	100
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, China, Greece			the USA, Germany			Ukraine, China, Kazakhstan		

Note. Data retrieved from ITC (2011)

Turkey applies 3.85 % while Korea applies 1.50 % customs tariff for aluminum oxides and hydroxides from Azerbaijan. Azerbaijan could not export any of these products to the Altai states even though there are no tariffs.

Thus, it is possible to conclude that removing tariffs would be an encouraging step for trade creation, but trade volumes cannot reach the requested amounts without a full economic integration with standards.

The next candidate is Kazakhstan beginning with Table 299 with her oil.

Chosen Product 1 : Crude Petroleum Oils – HS 2709

Total Export Volume : 43,507,920,000 US$

World Share : 2.90 %

Top 3 Export Partners : Italy, Switzerland, France

Table 299. Tariffs Applied to Kazakhstan's 2709 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
9,521	0.00%	9,521	0	0.00%	71,918	0	3.00%	85,856,208
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan			Russia, Tajikistan			Saudi Arabia, UAE, Kuwait		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
861,495	0.00%	15,638,922	0	0.00%	0	335,186	0.00%	388,017
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Iran, Russia, Saudi Arabia			-			KZ, KG, Russia		

Note. Data retrieved from ITC (2011)

Like for Azerbaijan's, only Korea applies 3.00 % tariff to Kazakh petroleum oil, but Kazakhstan's part in Korea's imports of 85.8 billion US$ is null. Korea mostly prefers Saudi Arabia, UAE and Kuwait. Within this, Kazakhstan's share in Uzbekistan's imports of 388 million US$ is 86.13 % and 100.00 % in Azerbaijan. Turkey mostly preferred Iran, Russian and Saudi Arabia and Kazakhstan's part was only 5.50 %.

Chosen Product 2 : Ferro-alloys – HS 7202

Total Export Volume : 2,959,944,000 US$

World Share : 8.25 %

Top 3 Export Partners : Netherlands, Japan, China

Table 300. Tariffs Applied to Kazakhstan's 7202 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
6,064	0.00%	9,569	0	0.00%	0	177,158	3.33%	2,149,962
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Ukraine, Russia			-			China, South Africa, Japan		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.82%	527,919	0	0.00%	0	81	0.00%	23,850
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Ukraine, China, Georgia			-			Ukraine, Russia, Estonia		

Note. Data retrieved from ITC (2011)

Kazakhstan has a strong iron and steel sector. Turkey which applies about 0.82 % tariff to Kazakh iron does not import from Kazakhstan and prefers Ukraine, China and Georgia. Meanwhile, Korea imports about 2.1 billion US$ from China, South Africa and Japan by applying a 3.33 % tariff to Kazakhstan whose share is 8.24 %.

Chosen Product 3 : Refined copper and copper alloys – HS 7403

Total Export Volume : 2,502,111,000 US$

World Share : 4.47 %

Top 3 Export Partners : United Kingdom, China, Italy

Table 301. Tariffs Applied to Kazakhstan's 7403 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
1,060	0.00%	1,067	54	0.00%	80	44,763	3.19%	3,689,339
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Turkey			Kazakhstan, Italy, UK			Chile, Philippines, China		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
90,796	0.00%	589,645	0	0.00%	162	0	0.00%	56
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Chile, Bulgaria, Spain			Turkey, Russia, UAE			Russia, Turkey		

Note. Data retrieved from ITC (2011)

Only a 3.18 % tariff is applied by Korea against Kazakh copper. Korea buys copper about 3.6 billion US$ and Kazakhstan's share is only 1.21 %. In Turkey, without tariffs, Kazakhstan's share is 15.39 %.

Chosen Product 4 : Iron ores & concentrates – HS 2601

Total Export Volume : 1,279,155,000 US$

World Share : 1.89 %

Top 3 Export Partners : Russia, China, Kyrgyzstan

Table 302. Tariffs Applied to Kazakhstan's 2601 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	0	1,338	0.00%	1,338	0	0.00%	3,669,955
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
-			Kazakhstan			Australia, Brazil, India		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	1.00%	543,259	0	0.00%	1,069	0	0.00%	269
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Sweden, Brazil, Ukraine			China			China		

Note. Data retrieved from ITC (2011)

Kazakhstan's iron ores could take no share in Turkey's imports of 543 million US$ who applies 1.00 % tariff. Although Korea applies no tariff, Kazakhstan's share was again 0.00 %. Only in Kyrgyzstan, Kazakh share was 100 %. Main exports partners of Kazakhstan were Russia and China.

Chosen Product 5 : Wheat and meslin – HS 1001

Total Export Volume : 1,458,779,000 US$

World Share : 3.25 %

Top 3 Export Partners : Egypt, Turkey, Tunisia

Table 303. Tariffs Applied to Kazakhstan's 1001 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
119,526	0.00%	336,567	81,771	0.00%	85,188	0	1.88%	702,090
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Kazakhstan, Ukraine			Kazakhstan, Russia, Ukraine			the USA, Ukraine, Canada		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
215,515	45.81%	942,974	143,117	56.89%	144,420	47,965	0.00%	61,657
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Kazakhstan, Romania			Kazakhstan, Russia			Kazakhstan, Russia, Ukraine		

Note. Data retrieved from ITC (2011)

Turkey and Turkmenistan apply 45.81 % and 56.89 % tariff to Kazakh wheat respectively. Despite high tariffs, Kazakhstan's share was 22.85 % in Turkey and 99.09 % in Turkmenistan. Within this, Kazakhstan's wheat's share was 35.51 % in Azerbaijan, 95.98 % in Kyrgyzstan and 77.79 % in Uzbekistan without any tariffs.

Chosen Product 6 : Aircraft & spacecraft – HS 8802

Total Export Volume : 699,540,000 US$

World Share : 0.54 %

Top 3 Export Partners : United Kingdom, Turkey, Germany

Table 304. Tariffs Applied to Kazakhstan's 8802 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	91,629	0	0.00%	5,202	0	0.00%	1,700,555
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
France, Israel, Germany			Germany, China			the USA, France, Spain		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
133,938	0.00%	2,438,502	667	0.00%	667	60,230	0.00%	205,117
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
the USA, Germany, France			Kazakhstan			the USA, Kazakhstan		

Note. Data retrieved from ITC (2011)

Kazakhstan exports some volumes of her aircrafts to Turkey and Uzbekistan only. There are no tariffs Applied to Kazakh planes but the Altai states mostly prefer the USA.

Chosen Product 7 : Sulphur other than sublimed - HS 2503

Total Export Volume : 513,364,000 US$

World Share : 7.35 %

Top 3 Export Partners : Tunisia, China, Russia

Table 305. Tariffs Applied to Kazakhstan's 2503 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
1,256	0.00%	1,256	18	0.00%	18	0	2.00%	24,728
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan			Kazakhstan			Japan, Malaysia, Germany		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
152	0.85%	29,431	2,557	100.00%	2,583	1,280	0.00%	1,280
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, Bulgaria, Germany			Kazakhstan, Germany			Kazakhstan		

Note. Data retrieved from ITC (2011)

Kazakhstan's sulphur faces 100 % tariff in Turkmenistan but has nearly 100 % share, within this, it faces 0.00 % tariff in Uzbekistan and Azerbaijan but again has 100 % share. Turkey most prefers Italy, Bulgaria and Germany.

Chosen Product 8 : Unwrought zinc - HS 7901

Total Export Volume : 639,656,000 US$

World Share : 6.63 %

Top 3 Export Partners : Netherlands, China, Turkey

Kazakhstan could only export her zinc to Turkey who applies 2.50 % with a share of 34.51 %.

Table 306. Tariffs Applied to Kazakhstan's 7901 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0,00%	195	0	0,00%	0	0	3,00%	116.637
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey			-			India, China, Australia		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
111.434	2,50%	322.826	0	0,00%	6	0	0,00%	4
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Bulgaria, Russia			Turkey			Russia		

Note. Data retrieved from ITC (2011)

Chosen Product 9 : Leather of bovine/equine animal - HS 4104

Total Export Volume : 422,867,000 US$

World Share : 2.37 %

Top 3 Export Partners : China, Italy, India

Table 307. Tariffs Applied to Kazakhstan's 4104 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
0	0.00%	15	0	0.00%	30	0	5.00%	74,659
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Italy			Italy, Russia			the USA, Argentina, Brazil		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
378	1.35%	37,066	0	0.00%	83	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, Azerbaijan, Kenya			Dominican Republic			-		

Note. Data retrieved from ITC (2011)

Chosen Product 10 : Ball or roller bearing - HS 8482

Total Export Volume : 115,149,000 US$

World Share : 0.37 %

Top 3 Export Partners : Russia, Ukraine, Belarus

Table 308. Tariffs Applied to Kazakhstan's 8482 (Thousand US$)

Azerbaijan			Kyrgyzstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KG Total	Volume	Tariff	SK Total
18	0.00%	3,767	9	0.00%	1,209	0	9.17%	701,693
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Turkey, Ukraine			Russia, Germany, Turkey			Japan, China, Germany		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
1	0.00%	274,304	0	0.00%	3,033	1,711	0.00%	15,242
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, China			Russia, UAE, Turkey			Russia, Kazakhstan, Moldova		

Note. Data retrieved from ITC (2011)

Kazakhstan machinery parts only faced custom tariffs in Korea (9.17 %), and could have no share in the Altai states except Uzbekistan (11.22 %).

Those selected products were the ones most exported by Kazakhstan but those products show the lack of private sectors. Kazakhstan is a country with a great potential but resources are not efficiently used. Exports are mostly based on products controlled by government (oil, wheat, elements etc.); therefore even though there are low tariffs, export volumes are very small. Custom union would never be enough, it must be reinforced with foreign direct investment, development of private sector and standardized production.

The next candidate is Kyrgyzstan beginning with tariffs Applied to her gold in Table 309.

Chosen Product 1 : Gold unwrought or in semi-manuf. forms – HS 7108

Total Export Volume : 463,483,000 US$

World Share : 0.46 %

Top 3 Export Partners : Switzerland, UAE, Italy

Table 309. Tariffs Applied to Kyrgyzstan's 7108 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	780	0	0.00%	4,413	0	3.00%	1,072,225
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, Korea			Switzerland, Germany, TR			Hong Kong, Australia, Japan		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	4,991,021	0	0.00%	0	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Switzerland, South Africa, UAE			-			-		

Note. Data retrieved from ITC (2011)

The main exported product of Kyrgyzstan is gold facing only a tariff of 3.00 % in Korea. Kyrgyz gold is mostly exported to Switzerland, UAE and Italy, but there are no exports to the Altai states.

Chosen Product 2 : Women's suits, jackets, dress skirts – HS 6204

Total Export Volume : 46,966,000 US$

World Share : 0.09 %

Top 3 Export Partners : Russia, Belarus, China

Table 310. Tariffs Applied to Kyrgyzstan's 6204 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	16,594	24	0.00%	89,325	2	13.00%	520,782
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, France, Germany			Italy, China, Germany			China, Italy, Hong Kong		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	9.60%	244.239	29	35.05%	1,665	18	0.00%	6,535
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, Spain, Sri Lanka			India, UAE, Turkey			Italy, France, Germany		

Note. Data retrieved from ITC (2011)

Kyrgyz textile products are mostly exported to Russia and Belarus. the Altai states do not buy textile from Kyrgyzstan even though there are no tariffs applied by Azerbaijan, Kazakhstan and Uzbekistan.

Chosen Product 3 : Cements, portland alum., slag cements – HS 2523

Total Export Volume : 47,125,000 US$

World Share : 0.41 %

Top 3 Export Partners : Kazakhstan, Tajikistan

Table 311. Tariffs Applied to Kyrgyzstan's 2523 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	197,395	46,810	0.00%	143,729	0	5.00%	79,754
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Georgia, Turkey, Ukraine			Russia, Kyrgyzstan, China			Japan, China, Malaysia		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	25,803	0	0.05%	7,668	0	0.00%	2,405
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Bulgaria, Romania, China			Turkey, China, Russia			China, Russia, Germany		

Note. Data retrieved from ITC (2011)

There is only a 5.00 % custom tariff on Kyrgyz cement in Korea. Kyrgyzstan could only take a share in Kazakhstan's imports (32.56 %).

Chosen Product 4 : Apricots, cherries, peaches, plums, fresh – HS 0809

Total Export Volume : 17,178,000 US$

World Share : 0.40 %

Top 3 Export Partners : Russia, Kazakhstan, Tajikistan

Table 312. Tariffs Applied to Kyrgyzstan's 0809 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	139	95	0.00%	3,072	0	40.37%	29,696
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Georgia, Turkey			China, Holland, Kyrgyzstan			the USA, New Zealand, Chile		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	55.00%	1,525	0	22.11%	0	0	0.00%	19
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Holland, Greece, Italy			-			Russia		

Note. Data retrieved from ITC (2011)

Turkey, Korea and Turkmenistan apply high custom tariffs to Kyrgyz fresh apricots, cherries, peaches, plums. But there are no significant exports to Kazakhstan as well.

Chosen Product 5 : Dried vegetables, shelled – HS 0713

Total Export Volume : 20,368,000 US$

World Share : 0.29 %

Top 3 Export Partners : Turkey, Bulgaria, Russia

Table 313. Tariffs Applied to Kyrgyzstan's 0713 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
27	0.00%	2,317	0	0.00%	1,596	0	24.58%	27,247
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Ukraine, Russia			Russia, Turkey, China			China, the USA, Canada		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
11,160	9.65%	313,764	0	139.15%	1,450	0	0.00%	1,326
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Canada, China, the USA			Ukraine, Russia, Turkey			Russia, Ukraine, Kazakhstan		

Note. Data retrieved from ITC (2011)

S. Korea, Turkmenistan and Turkey apply high tariffs to Kyrgyz dried vegetables (24.58 %, 139.15 % and 9.65 %). Only exports are made to Turkey with a share of 3.55 %. Other the Altai states prefer mostly Turkey, Ukraine and Russia while Turkey prefers the USA, Canada and China.

Chosen Product 6 : Float glass in sheet – HS 7005

Total Export Volume : 32,101,000 US$

World Share : 0.46 %

Top 3 Export Partners : Russia, Kazakhstan, Tajikistan

Table 314. Tariffs Applied to Kyrgyzstan's 7005 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	2,930	4,066	0.00%	40,935	0	7.12%	289,232
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Belgium, Turkey			China, Russia, Kyrgyzstan			Japan, Taiwan, China		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	99,163	0	0.00%	121	709	0.00%	4,976
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Romania, the USA			Turkey, Russia			China, Kyrgyzstan, Russia		

Note. Data retrieved from ITC (2011)

There is only 7.12 % tariff applied in Korea which prefers Japan, Taiwan and China. Turkish Şişecam's exports of float glass were weak to the Altai states which mostly preferred Belgium's Saint-Gobain or Chinese manufacturers. But Russian exports to the Altai states are mostly made by Turkish Şişecam's Russia factory, Ruscam.

Chosen Product 7 : Milk and cream – HS 0401

Total Export Volume : 11,263,000 US$

World Share : 0.15 %

Top 3 Export Partners : Kazakhstan, Tajikistan

Table 315. Tariffs Applied to Kyrgyzstan's 0401 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	4,181	11,131	0.00%	28,935	0	36.00%	5,326
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Ukraine, Russia, Turkey			Kyrgyzstan, Ukraine, Russia			Australia, France, New Zea.		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	150.00%	671	0	0.00%	292	0	0.00%	29
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, Denmark, Spain			Russia, Turkey, Ukraine			Turkey		

Note. Data retrieved from ITC (2011)

Milk and cream from Kyrgyzstan faces 150 % tariff in Turkey and 36 % in Korea. Meanwhile the export volume to Central Asia is very low.

Chosen Product 8 : Electric filament or discharge lamps – HS 8539

Total Export Volume : 21,080,000 US$

World Share : 0.11 %

Top 3 Export Partners : Uzbekistan, Kazakhstan, Russia

Table 316. Tariffs Applied to Kyrgyzstan's 8539 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
2,271	0.00%	8,716	4,685	0.00%	35,039	0	8.00%	665,998
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Kyrgyzstan, Germany			China, Russia, Kyrgyzstan			Japan, China, Germany		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	229,637	2,322	0.00%	5,196	6,560	0.00%	10,883
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Germany, Hungary			Kyrgyzstan, Turkey, Ukraine			Kyrgyzstan, China, Russia		

Note. Data retrieved from ITC (2011)

Electric filaments of Kyrgyzstan face only 8.00 % duty in Korea. Other the Altai states do not apply tariffs but export volumes are low, as imports are also low. Kyrgyzstan could take average shares like 26% in Azerbaijan, 13.37 % in Kazakhstan, 0.00 % in Korea and Turkey, 44.68 % in Turkmenistan and 60.27 % in Turkmenistan.

Chosen Product 9 : Parts and accessories of motor vehicles – HS 8708

Total Export Volume : 19,762,000 US$

World Share : 0.01 %

Top 3 Export Partners : Belgium, Belarus, Uzbekistan

Table 317. Tariffs Applied to Kyrgyzstan's 8708 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	56,783	20	0.00%	280,020	0	8.00%	3,488,485
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Turkey, Germany			Russia, China, UAE			Japan, China, Singapore		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	5,409,651	108	15.00%	24,587	2,898	0.00%	633,700
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, Italy			Russia, UAE, Germany			Korea, Romania, Russia		

Note. Data retrieved from ITC (2011)

The Altai states do not import parts of motor vehicles from Kyrgyzstan. Only Uzbekistan imported a low volume of 2.8 million US$. There is only tariff of 8.00 % applied by Korea and 15.00 % by Turkmenistan.

Chosen Product 10 : Copper waste and scrap – HS 7404

Total Export Volume : 14,349,000 US$

World Share : 0.08 %

Top 3 Export Partners : Germany, Lithuania, China

Table 318. Tariffs Applied to Kyrgyzstan's 7404 (Thousand US$)

Azerbaijan			Kazakhstan			South Korea		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	SK Total
0	0.00%	0	0	0.00%	446	0	0.00%	918,160
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
-			Russia			the USA, South Africa, Chile		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
0	0.00%	6,453	0	0.00%	0	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Georgia, Bulgaria, Azerbaijan			-			-		

Note. Data retrieved from ITC (2011)

There are no tariffs Applied to copper wastes and the only importer is South Korea between other the Altai states with a volume of 918 million US$.

Kyrgyzstan is a transition economy, and more liberal compared to other Central Asians but sectors are not really developed. FTA agreement with Kazakhstan, increased the volume, this shows that a customs union could be much more workable.

The next candidate South Korea will be analyzed beginning by her electronic integrated circuits in Table 319.

Chosen Product 1 : Electronic integrated circuits – HS 8542

Total Export Volume : 25,807,214,000 US$

World Share : 6.96 %

Top 3 Export Partners : China, Hong Kong, Taiwan

Table 319. Tariffs Applied to South Korea's 8542 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	5.00%	2,141	0	6.35%	29,825	4	0.00%	188
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Hong Kong, the USA			Finland, UAE, Czech Rep.			the USA, UK, Germany		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
1,262	0.00%	570,629	0	0.00%	386	0	5.00%	1,970
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Germany, Taiwan			Germany, Turkey, the USA			Austria, Russia, the USA		

Note. Data retrieved from ITC (2011)

Electronic integrated circuits are facing 5.00 % tariff in Azerbaijan and Uzbekistan, 6.35 % in Kazakhstan. Even though there are no tariffs, Korea's share in Turkey's imports could only be 0.22 %.

Chosen Product 2 : Parts of computers & office machines – HS 8473

Total Export Volume : 6,161,087,000 US$

World Share : 3.88 %

Top 3 Export Partners : China, the USA, Hong Kong

Table 320. Tariffs Applied to South Korea's 8473 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
13	9.88%	9,827	110	0.06%	141,114	78	0.01%	3,136
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Netherlands, UK, UAE			UAE, Netherlands, Finland			UAE, China, the USA		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
789	0.03%	716,440	0	0.00%	5,975	28	5.50%	5,483
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Netherlands, China, Ireland			Netherlands, UAE, Germany			China, Taiwan, UAE		

Note. Data retrieved from ITC (2011)

The Altai states mostly imported those products from Netherlands and even though tariff rates were low enough, South Korea was not preferred by other the Altai states especially considering import volume of Turkey (716 million US$).

Chosen Product 3 : Cars (including station wagon) – HS 8703

Total Export Volume : 31,287,526,000 US$

World Share : 4.91 %

Top 3 Export Partners : the USA, Russia, Canada

Table 321. Tariffs Applied to South Korea's 8703 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
148,661	1.98%	595,795	31,212	21.06%	493,497	42,542	10.00%	128,390
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Korea, Germany, UAE			Lithuania, UAE, Germany			Korea, Lithuania, Japan		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
253,672	9.98%	5,189,140	807	0.00%	58,661	117,048	30.00%	231,729
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, Spain, France			Germany, UAE, Russia			Korea, Russia, UAE		

Note. Data retrieved from ITC (2011)

Famous Korean cars are Hyundai, Kia, Daewoo, Ssangyong. There are also joint productions like Renault Samsung. The main buyers are the USA, Russia and Canada. But the Altai states apply high duties like 21.06 % in Kazakhstan, 30.00 % in Uzbekistan, 10.00 % in Kyrgyzstan and 9.98 % in Turkey. Despite the tariffs, Korean cars took the lead in Azerbaijan, Kyrgyzstan and Uzbekistan.

Chosen Product 4 : Cruise ship, cargo ship, barges – HS 8901

Total Export Volume : 34,472,105,000 US$

World Share : 33.86 %

Top 3 Export Partners : Panama, Marshall Islands, Singapore

Table 322. Tariffs Applied to South Korea's 8901 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	54,873	0	5.00%	39,190	0	5.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Kazakhstan, Turkey			Russia, Azerbaijan, the USA			-		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
350,650	0.96%	620,696	0	0.00%	5,811	0	10.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Korea, Russia, China			Russia			-		

Note. Data retrieved from ITC (2011)

World's biggest ship builder Korea's customers are mostly Panama, Marshall Islands and Singapore because of tax issues probably. Half of Turkey's ship imports are supplied by Korea while there are no exports to other Central Asian states.

Chosen Product 5 : Petroleum oils, not crude – HS 2710

Total Export Volume : 36,627,272,000 US$

World Share : 4.64 %

Top 3 Export Partners : China, Singapore, Japan

Korea processes crude oil and exports it mostly to China, Singapore and Japan. Turkey imports 9.6 billion US$ and Korea has no share as Turkey prefers Russia. Within this, Kazakhstan and Kyrgyzstan import a total of 2.2 billion US$ and choose Russia too instead of Korea. Uzbekistan who applies 29.96 % tariff buys mostly from Kazakhstan and Russia while Azerbaijan prefers Belgium and Turkey with a 12.17 % tariff Applied to Korea.

Table 323. Tariffs Applied to South Korea's 2710 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
129	12.17%	79,123	2,834	5.00%	1,451,649	1,299	1.58%	839,491
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Turkey, Russia			Russia, Finland, Turkey			Russia, Kazakhstan, Belgium		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
389	4.09%	9,617,403	0	0.00%	22,795	2,091	29.96%	162,400
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Italy, the USA			Turkey, Russia, Latvia			Kazakhstan, Russia, Finland		

Note. Data retrieved from ITC (2011)

Chosen Product 6 : LCDs, lasers, optical app. & inst. – HS 9013

Total Export Volume : 23,068,170,000 US$

World Share : 26.71 %

Top 3 Export Partners : China, Mexico, Slovakia

Table 324. Tariffs Applied to South Korea's 9013 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
90	2.96%	6,562	247	0.07%	2,910	0	0.00%	93
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Israel, Russia, the USA			Germany, the USA, Russia			Belarus, Russia, UK		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
72,549	1.98%	587,448	0	0.00%	655	0	10.00%	688
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Korea, Israel			Germany, the USA, Turkey			Germany, China, Russia		

Note. Data retrieved from ITC (2011)

Korean LCDs like LG, Samsung are generally exported to China, Mexico and surprisingly Slovakia. Those new technologies are not popular yet in Central Asia but Turkey already buys from Korea with a share of 12.38 % after China. Tariffs of Uzbekistan are the highest (10.00 %).

Chosen Product 7 : Flat-rolled prof. of iron, plated or coated – HS 7210

Total Export Volume : 5,107,374,000 US$

World Share : 9.77 %

Top 3 Export Partners : China, Thailand, Japan

Table 325. Tariffs Applied to South Korea's 7210 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	5.00%	73,086	6,481	4.01%	123,060	748	0.00%	29,457
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Russia, Ukraine			China, Russia, Korea			China, Kazakhstan, Russia		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
95,519	7.50%	814,437	0	0.00%	2,643	6,461	10.00%	99,848
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, China, Korea			China, Turkey, Ukraine			China, Kazakhstan, Russia		

Note. Data retrieved from ITC (2011)

Iron and steel sector is very strong and stable in Korea. Irons coded 7210 are facing 7.50 % tariff in Turkey, 10.00 % in Uzbekistan, 5.00 % in Azerbaijan and 4.01 % in Kazakhstan. Cause of tariffs, Korea's share could not pass %15.

Chosen Product 8 : Polymers of styrene, in primary forms – HS 3903

Total Export Volume : 3,488,892,000 US$

World Share : 14.23 %

Top 3 Export Partners : China, Hong Kong, Mexico

Table 326. Tariffs Applied to South Korea's 3903 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	1,766	1,294	0.00%	11,660	0	0.00%	529
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Ukraine, Holland			China, Korea, Russia			China, Russia, Kazakhstan		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
83,883	6.03%	570,980	0	0.00%	77	777	10.00%	2,470
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Belgium, Korea, Germany			Turkey, Kazakhstan			Russia, Korea, China		

Note. Data retrieved from ITC (2011)

Polymers of styrene belonging to plastics sector face 6.03 % tariff in Turkey and 10.00 % in Uzbekistan. Korean polymers could take the 2nd place in Kazakhstan, Turkey and Uzbekistan after China, Russia and Belgium. Volume can be much higher in Turkey without tariffs as Belgium has beaten Korea with tariff advantage.

Chosen Product 9 : Cyclic hydrocarbons – HS 2902

Total Export Volume : 5,329,609,000 US$

World Share : 13.26 %

Top 3 Export Partners : China, Taiwan, the USA

Table 327. Tariffs Applied to South Korea's 2902 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	436	0	5.00%	4,596	0	0.00%	13
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Turkey, Belgium			Russia, Poland, UK			Russia, Germany		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
4,972	0.00%	240,377	0	0.00%	162	185	5.00%	2,619
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Israel, Holland			UAE, Russia			Russia, Korea, Ukraine		

Note. Data retrieved from ITC (2011)

Organic chemicals are facing a 5.00 % tariff in Kazakhstan and Uzbekistan. Although there are no tariffs in other states, Korean share is deeply low.

Chosen Product 10 : New pneumatic tires, of rubber – HS 4011

Total Export Volume : 2,820,898,000 US$

World Share : 4.46 %

Top 3 Export Partners : the USA, United Kingdom, Germany

Table 328. Tariffs Applied to South Korea's 4011 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
722	13.58%	48,593	5,587	16.59%	260,385	2,227	9.52%	34,783
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Russia, China			Russia, Belarus, China			Russia, China, Belarus		
Turkey			Turkmenistan			Uzbekistan		
Volume	Tariff	TR Total	Volume	Tariff	TU Total	Volume	Tariff	UZ Total
59,479	4.41%	487,967	1,953	0.00%	31,932	9,374	7.39%	106,701
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, Korea			Russia, Japan, Ukraine			Russia, Czech Rep., China		

Note. Data retrieved from ITC (2011)

Kazakhstan and Azerbaijan apply 16.59 % and 13.58 % custom tariffs respectively for Korean pneumatic tires of rubber. Azerbaijan prefers Turkish and Russian tires while Kazakhstan buys from Russia and Belarus. The same applies for Kyrgyzstan

(9.52 %) who prefers Russian and Chinese tires. Uzbekistan applying 7.39 % tariff and Turkmenistan wit 0.00 % tariff chose Russia as well.

In short terms, Korean products have faced high custom tariffs in other the Altai states and Korea's dependence on China, the USA and Japan is seen like Turkey's dependence on Europe.

The Altai Union's next candidate, Turkmenistan is analyzed beginning by her petroleum gases in Table 329.

Chosen Product 1 : Petroleum gases – HS 2711

Total Export Volume : 6,035,439 US$

World Share : 1.60%

Top 3 Export Partners : Ukraine, Kazakhstan, Hungary

Table 329. Tariffs Applied to Turkmenistan's 2711 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
28	11.87%	197	186,649	0.00%	489,659	0	0.00%	110,677
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
UAE, UK, Turkmenistan			UZ, TU, Russia			Uzbekistan, Russia, KZ		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	3.07%	24,892,560	0	0.00%	2,349,681	0	0.00%	8
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Qatar, Oman, Malaysia			Algeria, Norway, Libya			UK, Turkey		

Note. Data retrieved from ITC (2011)

Turkmenistan's most exported product is natural gas. Turkmen gas is mostly exported to Ukraine, Kazakhstan and Hungary. Kazakhstan gave a share of 38.11 % to Turkmen gas but a bigger share was taken by Uzbek gas. Azerbaijan applies a tariff of 11.87 % but doesn't import a significant volume. Within this, Korea who is applying 3.07 % tariff chose Qatar, Oman and Malaysia; unfortunately Turkey

preferred Algeria, Norway and Libya. Finally, Kyrgyzstan's low volume comes from Uzbekistan.

Chosen Product 2 : Cotton not carded or combed – HS 5201

Total Export Volume : 123,921,000 US$

World Share : 1.12 %

Top 3 Export Partners : Turkey, Pakistan, Egypt

Table 330. Tariffs Applied to Turkmenistan's 5201 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	5.00%	20	0	0.00%	4,248	0	0.00%	319
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey			Uzbekistan, Tajikistan			Uzbekistan		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	0.00%	341,675	43,479	0.00%	1,000,136	0	0.00%	93
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Brazil, the USA, Australia			the USA, Greece, Free Zones			Pakistan		

Note. Data retrieved from ITC (2011)

Turkmen cotton faces a customs tariff of 5.00 % in Azerbaijan which doesn't import any. There are no tariffs in other the Altai states. But Turkey which imports a big volume of cotton, preferred the USA and Greece. Turkmenistan's share was only 4.34 %. Korea also chose Brazil, the USA and Australian cotton even though there are no tariffs.

Chosen Product 3 : Polymers of propylene, in primary forms – HS 3902

Total Export Volume : 89,613,000 US$

World Share : 0.26 %

Top 3 Export Partners : Russia, Turkey, Azerbaijan

Table 331. Tariffs Applied to Turkmenistan's 3902 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
17,636	0.50%	22,524	417	0.00%	19,212	1,161	0.00%	2,482
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkmenistan, Korea, Iran			Russia, Korea, Hungary			Turkmenistan, Korea, Russia		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	6.50%	122,830	30,004	2.90%	2,025,208	0	0.00%	17,383
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Japan, Holland, the USA			Saudi, Israel, Belgium			Russia, Korea, Ukraine		

Note. Data retrieved from ITC (2011)

Plastic sector of Turkmenistan faced 6.50 % tariff in Korea and could not take any share. While Turkey who applies 2.90 % tariff gave a low share of 1.48 % to Turkmenistan. In her imports of 2 billion US$, Saudi Arabia, Israel and Belgium took the biggest share. Turkmen plastics' share in Azerbaijan and Kyrgyzstan were the highest (78.29 %, 46.77 %).

Chosen Product 4 : Bed, table, toilet and kitchen linens – HS 6302

Total Export Volume : 29,584,000 US$

World Share : 0.18 %

Top 3 Export Partners : the USA, Russia, France

Table 332. Tariffs Applied to Turkmenistan's 6302 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	15.00%	855	780	0.00%	11,462	0	0.00%	6,672
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, UK, Malaysia			China, Russia, Turkey			China, Turkey, the USA		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
44	13.00%	63,323	120	9.35%	24,731	0	0.00%	904
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Vietnam, Italy			China, Pakistan, India			Turkey, China, Germany		

Note. Data retrieved from ITC (2011)

Textile is another important sector for Turkmenistan. It faces a 15.00 % tariff in Azerbaijan, 13.00 % in Korea and 9.35 % in Turkey. There are no tariffs in Kazakhstan, Kyrgyzstan and Uzbekistan. Azerbaijan and Uzbekistan gave the biggest share to Turkey while the winner was China in Kazakhstan, Kyrgyzstan, Korea and Turkey. Textile sector could be encouraged considering removal of tariffs and a high unemployment rate.

Chosen Product 5 : Fluorine, chlorine, bromine and iodine – HS 2801

Total Export Volume : 7,096,000 US$

World Share : 0.74 %

Top 3 Export Partners : China, India, Ukraine

Table 333. Tariffs Applied to Turkmenistan's 2801 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	6.66%	283	0	0.00%	5,931	0	0.00%	130
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, the USA, Iran			Russia, Uzbekistan, Turkey			Russia, Uzbekistan, China		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	5.50%	9,140	0	0.00%	1,271	0	0.00%	53
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Japan, Chile, Israel			Bulgaria, France, Syria			Netherlands, Turkey		

Note. Data retrieved from ITC (2011)

There are only Azerbaijan and Korea who apply 6.66 % and 5.50 % tariffs respectively to Turkmenistan's inorganic chemicals. Turkmenistan's share in the Altai states is 0.00 %.

Chosen Product 6 : Jerseys, pullovers, cardigans etc. knitted – HS 6110

Total Export Volume : 4,214,000 US$

World Share : 0.02 %

Top 3 Export Partners : the USA, Russia, Germany

Another branch of the Turkmen textile sector faces a 15.00 % tariff in Azerbaijan, 13.00 % in Korea and 9.56 % in Turkey. Cause of high tariffs, Turkmenistan's share in Turkey and Korea's high import volume is 0.00 %. Although there are no tariffs in Kazakhstan, Kyrgyzstan and Uzbekistan, there is also no share existing.

Table 334. Tariffs Applied to Turkmenistan's 6110 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	15.00%	222	1	0.00%	11,998	0	0.00%	13,653
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Italy, Switzerland, France			China, Italy, Turkey			China, Turkey, Ukraine		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	13.00%	321,393	0	9.56%	297,787	0	0.00%	7,657
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Italy, Vietnam			Bangladesh, China, Hong K.			China, Italy, Turkey		

Note. Data retrieved from ITC (2011)

Chosen Product 7 : Vegetable saps & extracts – HS 1302

Total Export Volume : 13,806,000 US$

World Share : 0.33 %

Top 3 Export Partners : China, France, Russia

Table 335. Tariffs Applied to Turkmenistan's 1302 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	4.77%	1,291	0	0.00%	7,259	0	0.00%	159
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, UK			Germany, France, the USA			Chile, Estonia, Spain		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	11.15%	102,225	0	2.66%	22,954	0	0.00%	1,458
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, the USA, Germany			Germany, France, Italy			Germany, China, India		

Note. Data retrieved from ITC (2011)

Vegetable saps and extracts exported from Turkmenistan faced a high tariff of 11.15 % in Korea, 4.77 % in Azerbaijan and 2.66 % in Turkey. Dramatically, Turkmenistan's share in the Altai states was again 0.00 %. Korea who buys more than 100 million US$ preferred China, the USA and Germany.

Chosen Product 8 : Mineral or chemical fertilizers – HS 3102

Total Export Volume : 6,047,000 US$

World Share : 0.02 %

Top 3 Export Partners : Estonia, United Kingdom, France

Table 336. Tariffs Applied to Turkmenistan's 3102 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	39,133	0	0.00%	69,443	0	0.00%	24,292
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Kazakhstan, Georgia			Russia, Uzbekistan, Ukraine			Uzbekistan, Russia, China		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	5.04%	293,803	0	6.47%	941,530	0	0.00%	1,567
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Qatar, Malaysia			Ukraine, Russia, Romania			Russia, Ukraine, Kazakhstan		

Note. Data retrieved from ITC (2011)

Chosen Product 9 : Cements, portland, aluminous, slag cement – HS 2523

Total Export Volume : 4,676,000 US$

World Share : 0.04 %

Top 3 Export Partners : Russia, Azerbaijan, Kazakhstan

Table 337. Tariffs Applied to Turkmenistan's 2523 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
2.967	15.00%	83,638	1,297	0.00%	246,610	0	0.00%	17,353
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Georgia, Russia			Uzbekistan, Russia, Kyrgyz.			Uzbekistan, China, Russia		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	5.14%	102,882	0	0.00%	36,658	0	0.00%	2,405
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Japan, China, Malaysia			Bulgaria, Romania, Israel			China, Russia, Germany		

Note. Data retrieved from ITC (2011)

Fertilizers of Turkmenistan faced 6.47 % tariff in Turkey and 5.04 % in Korea. the Altai states did not buy any fertilizers from Turkmenistan. Turkey who imported about 941 million US$, bought from Ukraine, Russia and Romania. Korea chose China, Qatar and Malaysia.

Turkmen cement faced a tariff of 15.00 % in Azerbaijan and 5.14 in Korea. Turkmenistan could only export to Azerbaijan with a share of 3.54 % and to Kazakhstan (0.52 %).

Chosen Product 10 : Wool, not carded or combed – HS 5101

Total Export Volume : 3,420,000 US$

World Share : 0.11 %

Top 3 Export Partners : Russia, Ukraine, Belgium

Table 338. Tariffs Applied to Turkmenistan's 5101 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	15.00%	6	0	0.00%	103	0	0.00%	1,773
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan			Uzbekistan			Russia, Kazakhstan		
South Korea			Turkey			Uzbekistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	UZ Total
0	0.00%	34,546	16	0.00%	43,371	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Australia, China, New Zeal.			Romania, New Zeal., Austra.			-		

Note. Data retrieved from ITC (2011)

Turkmen wool had also no share in the Altai states' imports.

Generally, it is seen that some products have low import volumes because of tariffs but more than that, even though there are no tariffs, volumes are very small. Therefore, industrialization, standardization and bilateral relations are vital for improvements.

Tariffs Applied to our final candidate Uzbekistan's petroleum gases are presented in Table 339.

Chosen Product 1 : Petroleum gases – HS 2711

Total Export Volume : 2,319,631 US$

World Share : 0.62 %

Top 3 Export Partners : Ukraine, Kazakhstan, Hungary

Table 339. Tariffs Applied to Uzbekistan's 2711 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	11.87%	197	218,167	0.00%	489,659	105,552	0.00%	110,677
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
UAE, UK, Turkmenistan			Uzbekistan, TU, Russia			Uzbekistan, Russia, KZ		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	3.07%	24,892,560	0	0.00%	2,349,681	0	0.00%	2,886
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Qatar, Oman, Malaysia			Algeria, Norway, Libya			Italy		

Note. Data retrieved from ITC (2011)

Like in Turkmenistan, petroleum gas is the most exported product. Uzbek gas took the most share in Kazakhstan (44.55 %) and in Kyrgyzstan (95.36 %). But Ukraine had been the most importing country of Uzbek gas. Korea applying 3.07 % tariff preferred Qatar, Oman and Malaysia while Turkey without tariff chose Algeria, Norway and Libya.

Chosen Product 2 : Cotton, not carded or combed – HS 5201

Total Export Volume : 564,789,000 US$

World Share : 5.11 %

Top 3 Export Partners : China, Russia, India

Table 340. Tariffs Applied to Uzbekistan's 5201 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	5.00%	20	3,697	0.00%	4,248	318	0,00%	319
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey			Uzbekistan, Tajikistan			Uzbekistan		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
8,427	0.00%	341,675	32,383	0.00%	1,000,136	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Brazil, the USA, Australia			the USA, Greece, Free Zones			-		

Note. Data retrieved from ITC (2011)

Famous Uzbek cotton is another significant export product of Uzbekistan. It only faces a tariff of 5.00 % in Azerbaijan who doesn't really import cotton. Uzbek cotton took the highest share in Kazakhstan (87.02 %) and in Kyrgyzstan (99.68%). Unfortunately, the most cotton importing countries Korea and Turkey gave a share of 2.46 % and 3.23 % respectively to Uzbekistan even though there are no tariffs.

Chosen Product 3 : Cars (including station wagon) – HS 8703

Total Export Volume : 749,092,000 US$

World Share : 0.12 %

Top 3 Export Partners : Russia, Ukraine, Belarus

Table 341. Tariffs Applied to Uzbekistan's 8703 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
6,028	1.98%	595,795	7,631	0.00%	493,497	616	0.00%	128,390
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Korea, Germany, UAE			Lithuania, UAE, Germany			Korea, Lithuania, Japan		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
143	8.00%	2,501,309	0	6.48%	5,189,140	0	0.00%	58,661
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, Japan, the USA			Germany, Spain, France			Germany, UAE, Russia		

Note. Data retrieved from ITC (2011)

UzDaewoo automobile assembly plant, together with Korean, is the foremost automobile manufacturer of Uzbekistan. Microbus Damas is also assembled in Uzbekistan. At the same time, Isuzu production had started in Samarkhand Automobile factory. Uzbek cars were mostly exported to Russia, Ukraine and Belarus. Turkey applied a 6.48 % tariff to Uzbekistan and bought no cars. S. Korea, applying 8.00 %, had also not imported from Uzbekistan. Uzbek cars' share in Azerbaijan was only 1.01 % and 1.54 % in Kazakhstan.

Chosen Product 4 : Radioactive chemicals and elements – HS 2844

Total Export Volume : 536,118,000 US$

World Share : 3.96 %

Top 3 Export Partners : the USA, South Korea, Russia

Table 342. Tariffs Applied to Uzbekistan's 2844 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	0	0	0.00%	517	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
-			Russia, the USA, Germany			-		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
236,815	0.00%	611,332	0	0.00%	7,526	0	0.00%	150
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Uzbekistan, Canada			the USA, South Africa, Holland			the USA		

Note. Data retrieved from ITC (2011)

Uzbekistan's radioactive chemicals, elements and isotopes are imported by the USA, Korea and Canada. There are no tariffs applied and Uzbekistan's share in Korea is 38.73 % after Russia.

Chosen Product 5 : Refined copper and copper alloys – HS 7403

Total Export Volume : 385,475,000 US$

World Share : 0.69 %

Top 3 Export Partners : Turkey, Greece, Romania

Table 343. Tariffs Applied to Uzbekistan's 7403 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	1,067	0	0.00%	12,731	0	0.00%	80
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Turkey			Russia, Italy, Turkey			Kazakhstan, Italy, UK		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
304	3.19%	3,689,339	304,231	0.00%	589,645	0	0.00%	162
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Chile, Philippines, China			Uzbekistan, Chile, Bulgaria			Turkey, Russia		

Note. Data retrieved from ITC (2011)

Uzbekistan's refined copper took the biggest share in Turkey (51.59 %) without any tariffs applied. Within this, Korea applying a 3.19 % tariff preferred Chile, Philippines and China for her imports of 3.6 billion US$.

Chosen Product 6 : Gold unwrought or in semi-manuf. forms – HS 7108

Total Export Volume : 339,324,000 US$

World Share : 0.34 %

Top 3 Export Partners : Japan, Thailand, Italy

Uzbek gold was not imported in the Altai states. The best customers of Uzbek gold was Japan, Thailand and Italy.

Table 344. Tariffs Applied to Uzbekistan's 7108 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	15.00%	780	0	0.00%	4,413	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Germany, France, Korea			Switzerland, Germany, TR			-		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	3.00%	1,072,225	0	0.00%	4,991,021	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Hong Kong, Australia, Japan			Switzerland, South Africa, UAE			-		

Note. Data retrieved from ITC (2011)

Chosen Product 7 : Mixtures of nitrogen, phosphor fertilizer – HS 3105

Total Export Volume : 211,157,000 US$

World Share : 0.86 %

Top 3 Export Partners : Greece, Hungary, Poland

Table 345. Tariffs Applied to Uzbekistan's 3105 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	3,161	2,544	0.00%	3,945	40	0.00%	648
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Russia, Turkey, the USA			Uzbekistan, Russia, Italy			Russia, Kazakhstan, Belgium		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	6.50%	55,033	0	2.86%	423,366	0	0.00%	11
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Israel, Japan			Tunisia, Romania, Russia			Ukraine		

Note. Data retrieved from ITC (2011)

Fertilizers facing 6.50 % tariff in Korea and 2.86 % in Turkey were only imported in Kazakhstan with a share of 64.48 % without any tariffs.

Chosen Product 8 : Grapes, fresh or dried – HS 0806

Total Export Volume : 69,037,000 US$

World Share : 0.94 %

Top 3 Export Partners : Russia, Netherlands, Ukraine

Table 346. Tariffs Applied to Uzbekistan's 0806 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
408	15.00%	933	5	0.00%	2,190	2	0.00%	691
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Iran, Uzbekistan, Georgia			China, Italy, Russia			China, Uzbekistan		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	41.48%	77,499	1,623	54.90%	3,764	0	100.00%	5,352
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Chile, the USA, Turkey			Uzbekistan, Greece, S.Africa			Afghanistan, China		

Note. Data retrieved from ITC (2011)

Agriculture of Uzbekistan has faced high tariffs in many the Altai states except Kazakhstan and Kyrgyzstan. Azerbaijan applied 15.00 %, Korea 41.48 %, Turkey 54.90 % and Turkmenistan 100.00 %. While Korea had no imports from Uzbekistan, Turkey gave the biggest share to Uzbekistan (43.11 %).

Chosen Product 9 : Cements, portland, aluminous, slag cement – HS 2523

Total Export Volume : 83,962,000 US$

World Share : 0.73 %

Top 3 Export Partners : Kazakhstan, Kyrgyzstan, Russia

Uzbekistan's cements' share in Kazakhstan had been 28.77 % and 72.01 % in Kyrgyzstan. As there are no tariffs, Uzbekistan could take the biggest shares. But in tariff applying countries like Azerbaijan and Korea, Uzbekistan had no share.

Table 347. Tariffs Applied to Uzbekistan's 2523 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
65	15.00%	83,638	70,951	0.00%	246,610	12,497	0.00%	17,353
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Turkey, Georgia, Russia			Uzbekistan, Russia, Kyrgyz.			Uzbekistan, China, Russia		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	5.14%	102,882	0	0.00%	36,658	0	0.05%	7,668
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Japan, China, Malaysia			Bulgaria, Romania, Israel			Turkey, China, Russia		

Note. Data retrieved from ITC (2011)

Chosen Product 10 : Unwrought zinc – HS 7901

Total Export Volume : 110,123,000 US$

World Share : 1.14 %

Top 3 Export Partners : Turkey, India, Russia

Table 348. Tariffs Applied to Uzbekistan's 7901 (Thousand US$)

Azerbaijan			Kazakhstan			Kyrgyzstan		
Volume	Tariff	AZ Total	Volume	Tariff	KZ Total	Volume	Tariff	KG Total
0	0.50%	627	0	0.00%	6,433	0	0.00%	0
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
Kazakhstan, Turkey			Russia			-		
South Korea			Turkey			Turkmenistan		
Volume	Tariff	SK Total	Volume	Tariff	TR Total	Volume	Tariff	TU Total
0	3.00%	125,773	41,695	2.50%	326,523	0	0.00%	6
Top 3 Partners for This :			Top 3 Partners for This :			Top 3 Partners for This :		
China, Australia, India			Bulgaria, KZ, Uzbekistan			Turkey		

Note. Data retrieved from ITC (2011)

Uzbekistan could only export her zinc to Turkey which applies 2.50 % tariff. Uzbekistan's share had been 12.76 % only after Bulgaria and Kazakhstan. Korea applying 3.00 % tariff preferred China, Australia and India. Best customers of Uzbek zinc were Turkey, India and Russia in 2008.

Tariffs Summarized

To have a general idea about tariffs, they are going to be analyzed in summary beginning with Turkey in Table 349.

Table 349. Tariffs Applied to 10 Chosen Products of Turkey (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KZ	KG	SK	TU	UZ
8703	Cars (incl. station wagon)	1.98%	21.06%	10.00%	8.00%	0.00%	30.00%
8418	Refrigerator, freezer etc.	13.89%	17.21%	10.00%	8.00%	0.00%	8.55%
7214	Bars, rod of Iron	6.13%	5.89%	0.00%	0.00%	0.00%	5.00%
6109	T-shirts, singlets and other vests	15.00%	10.24%	10.00%	13.00%	50.00%	30.00%
8544	Insulated wire/cable	11.03%	11.18%	0.47%	6.36%	0.00%	28.66%
2710	Petroleum oils, not crude	12.17%	5.00%	1.58%	5.35%	0.00%	29.96%
7306	Iron Tubes, pipes and hollow prof.	9.24%	15.73%	0.00%	0.00%	0.00%	10.00%
6204	Women's suits, jackets, dresses	15.00%	11.14%	11.99%	13.00%	35.05%	30.00%
3917	Tubes, pipes & hoses of plastics	10.88%	9.06%	0.00%	6.93%	0.00%	10.26%
0802	Nuts nes	15.00%	2.23%	0.00%	18.69%	20.20%	36.02%

Note. Data retrieved from ITC (2011)

Turkey had suffered very high tariffs rates in Azerbaijan with an average of 11.03 %. Most of the tariffs had been over 10 % especially in textile, electronics, plastics, agriculture and machinery. Only automobile industry faced the lowest tariffs, but unfortunately, as stated before, Turkey does not export many cars to Azerbaijan.

Kazakhstan also applied very high tariffs to Turkish products. The average had been 10.87 %. Tariffs were under 10 % for only iron and steel sector and processed oils. The leading automobile industry of Turkey had suffered a high rate of 21.06 % in Kazakhstan.

Kyrgyzstan chose to apply tariffs for 6 Turkish products out of 10. The average had been 7.34 % for those 6 products. Cars, textile and electronics had suffered a tariff around 10.00 %.

South Korea did not apply any tariff for only iron and steel sector of Turkey. Other 8 products' average had been 9.97 %. Most protected sectors had been textiles and agriculture.

Turkmenistan had only applied tariffs for textile and agriculture industries where she feels strong and promising. The average of those 3 sectors had been %35.00.

Finally, Turkey had suffered the highest tariff rates in Uzbekistan. The average had been over 21.50 %. Many sectors like textiles, agriculture, cars, machinery, processed oils were protected with rates of 30.00 %. The lowest rates were seen for iron and steel sector (5.00 % and 10.00 %).

Tariffs Applied to Azerbaijan's Top 10 products are summarized in Table 350.

Table 350. Tariffs Applied to 10 Chosen Products of Azerbaijan (Total Ad Valorem Equivalent)

HS Code	Product	KZ	KG	SK	TR	TU	UZ
2709	Crude petroleum oils	0.00%	0.00%	3.00%	0.00%	0.00%	0.00%
7308	Structures (rods, angle) of iron	0.00%	0.00%	2.40%	0.00%	0.00%	0.00%
0810	Fruits nes, fresh	0.00%	0.00%	45.50%	51.49%	81.76%	0.00%
8905	Light vessel, dredger, floating dock	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%
1516	Animal or veg fats, oils&fract	0.00%	0.00%	20.22%	39.28%	10.00%	0.00%
3901	Polymers of ethylene	0.00%	0.00%	6.50%	0.00%	0.00%	0.00%
7601	Unwrought aluminum	0.00%	0.00%	1.32%	4.20%	0.00%	0.00%
1701	Cane or beet sugar and chem.	0.00%	0.00%	22.48%	135.00%	0.00%	0.00%
0710	Potatoes	0.00%	0.00%	25.28%	19.30%	91.25%	0.00%
2818	Aluminum oxide	0.00%	0.00%	1.50%	3.85%	0.00%	0.00%

Note. Data retrieved from ITC (2011)

There are no tariffs for Azerbaijan's 10 products in Kazakhstan, Kyrgyzstan and Uzbekistan. Meanwhile, Korea and Turkey applies high tariffs. Turkey and Turkmenistan have chosen not to apply tariffs in a few products of Azerbaijan. 4 out 10 products were not applied tariffs in Turkey and 7 out 10 in Turkmenistan.

Table 351. Tariffs Applied to 10 Chosen Products of Kazakhstan (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KG	SK	TR	TU	UZ
2709	Crude petroleum oils	0.00%	0.00%	3.00%	0.00%	0.00%	0.00%
7202	Ferro-alloys	0.00%	0.00%	3.33%	0.82%	0.00%	0.00%
7403	Refined copper and copper alloys	0.00%	0.00%	3.19%	0.00%	0.00%	0.00%
2601	Iron ores & concentrates	0.00%	0.00%	0.00%	1.00%	0.00%	0.00%
1001	Wheat and meslin	0.00%	0.00%	1.88%	45.81%	56.89%	0.00%
8802	Aircraft & spacecraft	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2503	Sulphur other than sublimed	0.00%	0.00%	2.00%	0.85%	100.00%	0.00%
7901	Unwrought zinc	0.00%	0.00%	3.00%	2.50%	0.00%	0.00%
4104	Leather of bovine/equine animal	0.00%	0.00%	5.00%	1.35%	0.00%	0.00%
8482	Ball or roller bearings	0.00%	0.00%	9.17%	0.00%	0.00%	0.00%

Note. Data retrieved from ITC (2011)

10 Products of Kazakhstan have not faced any tariffs in Azerbaijan, Kazakhstan and Uzbekistan. Korea applied low tariff rates while Turkey applied low tariff rates to 5 products and high tariff to 1 only. Turkmenistan had been protective in only 2 products out of 10. The most protected sector had been wheat and meslin (45.81 % in Turkey and 56.89 % in Turkmenistan).

Table 352. Tariffs Applied to 10 Chosen Products of Kyrgyzstan (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KZ	SK	TR	TU	UZ
7108	Gold unwrought or semi-manuf	0.00%	0.00%	3.00%	0.00%	0.00%	0.00%
6204	Women's suits, jackets, dresses	0.00%	0.00%	13.00%	9.60%	35.05%	0.00%
2523	Cements	0.00%	0.00%	5.00%	0.00%	0.05%	0.00%
0809	Apricots, cherries, peaches, plums	0.00%	0.00%	40.37%	55.00%	22.11%	0.00%
0713	Dried vegetables, shelled	0.00%	0.00%	24.58%	9.65%	139.15%	0.00%
7005	Float glass in sheet	0.00%	0.00%	7.12%	0.00%	0.00%	0.00%
0401	Milk and cream	0.00%	0.00%	36.00%	150.00%	0.00%	0.00%
8539	Electric filament or discharge lamps	0.00%	0.00%	8.00%	0.00%	0.00%	0.00%
8708	Parts & access of motor vehicles	0.00%	0.00%	8.00%	0.00%	15.00%	0.00%
7404	Copper waste and scrap	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note. Data retrieved from ITC (2011)

Kyrgyzstan could export without tariff to Azerbaijan, Kazakhstan and Kyrgyzstan. Korea had chosen to apply high and average tariffs for Kyrgyzstan products while

Turkey had only applied tariff for 4 products like Turkmenistan had done. South Korea, Turkey and Turkmenistan had mostly been protective in agriculture and textile sectors. Especially 150.00 % tariff on milk and cream were recorded as the highest rate between all the Altai states.

Table 353. Tariffs Applied to 10 Chosen Products of South Korea (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KZ	KG	TR	TU	UZ
8542	Electronic integrated circuits	5.00%	6.35%	0.00%	0.00%	0.00%	5.00%
8473	Parts of computers	9.88%	0.06%	0.01%	0.03%	0.00%	5.53%
8703	Cars (incl. Station wagon)	198%	21.06%	10.00%	9.98%	0.00%	30.00%
8901	Cruise ship, cargo ship, barges	0.50%	5.00%	5.00%	0.96%	0.00%	10.00%
2710	Petroleum oils, not crude	12.17%	5.00%	1.58%	4.09%	0.00%	29.96%
9013	LCDs, lasers, optical appl.&inst.	2.96%	0.07%	0.00%	1.98%	0.00%	10.00%
7210	Flat-rolled prof of iron, plated	5.00%	4.01%	0.00%	7.50%	0.00%	10.00%
3903	Polymers of styrene,	0.50%	0.00%	0.00%	6.03%	0.00%	10.00%
2902	Cyclic Hydrocarbons	0.50%	5.00%	0.00%	0.00%	0.00%	5.00%
4011	New pneumatic tires, of rubber	13.58%	16.59%	9.52%	4.41%	0.00%	7.39%

Note. Data retrieved from ITC (2011)

Regarding South Korea's 10 products, Azerbaijan applied average tariff rates for all of them. Tariffs were lower in Kazakhstan except automobile industry (21.06 %). Kyrgyzstan had only applied tariffs for 4 products of 10. Turkey applying tariffs for 8 products out of 10 had chosen to be mostly protective in the automobile industry and applied average rates to other products. Turkmenistan did not apply any tariffs surprisingly. And finally, Uzbekistan had applied very high rates to Korean products.

Table 354. Tariffs Applied to 10 Chosen Products of Turkmenistan (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KZ	KG	SK	TR	UZ
2711	Petroleum gases	11.87%	0.00%	0.00%	3.07%	0.00%	0.00%
5201	Cotton not carded or combed	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3902	Polymers of propylene	0.50%	0.00%	0.00%	6.50%	2.90%	0.00%
6302	Bed, table, toilet and kitchen linens	15.00%	0.00%	0.00%	13.00%	9.35%	0.00%
2801	Fluorine, chlorine, bromine and iodine	6.66%	0.00%	0.00%	5.50%	0.00%	0.00%
6110	Jerseys, pullovers, cardigans knitted	15.00%	0.00%	0.00%	13.00%	9.56%	0.00%
1302	Vegetable saps & extracts	4.77%	0.00%	0.00%	11.15%	2.66%	0.00%
3102	Mineral or chemical fertilizers	0.50%	0.00%	0.00%	5.04%	6.47%	0.00%
2523	Cements	15.00%	0.00%	0.00%	5.14%	0.00%	0.00%
5101	Wool, not carded or combed	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note. Data retrieved from ITC (2011)

Turkmenistan faced high tariffs in Azerbaijan for gases, textiles, cements and wools. The average had been 8.93 %. There were no tariffs applied by Kazakhstan, Kyrgyzstan and Uzbekistan. South Korea applied tariffs for 8 products. Textiles and vegetables saps were the only ones over 10.00 %. Finally Turkey applied tariffs for 5 products of Turkmenistan with an average of 3.09 %.

Table 355. Tariffs Applied to 10 Chosen Products of Uzbekistan (Total Ad Valorem Equivalent)

HS Code	Product	AZ	KZ	KG	SK	TR	TU
2711	Petroleum gases	11.87%	0.00%	0.00%	3.07%	0.00%	0.00%
5201	Cotton, not carded or combed	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8703	Cars (incl. Station wagon)	1.98%	0.00%	0.00%	8.00%	6.48%	0.00%
2844	Radioactive chem. elements	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
7403	Refined copper and copper alloys	0.50%	0.00%	0.00%	3.19%	0.00%	0.00%
7108	Gold unwrought or semi-manuf	15.00%	0.00%	0.00%	3.00%	0.00%	0.00%
3105	Mixtures of nitrogen, pho. fertilizer	0.50%	0.00%	0.00%	6.50%	2.86%	0.00%
0806	Grapes, fresh or dried	15.00%	0.00%	0.00%	41.48%	54.90%	100.00%
2523	Cements	15.00%	0.00%	0.00%	5.14%	0.00%	0.05%
7901	Unwrought zinc	0.50%	0.00%	0.00%	3.00%	2.50%	0.00%

Note. Data retrieved from ITC (2011)

Our last state Uzbekistan did not face any tariffs in Kazakhstan and Kyrgyzstan. There was only agriculture sector (grapes) facing 100.00 % in Turkmenistan and there were no other tariffs there. Within this, Azerbaijan applied tariffs about 15.00 % for gases, gold, grapes and cements which are totally high. The average in Azerbaijan had been 6.58 %. 7 Uzbek products (except radioactive elements, grapes and cotton) had faced low duties in Korea. Grape had been the only product facing high tariffs in Korea (41.48 %). Finally, Turkey applied a tariff o only 4 products of Uzbekistan which are cars, fertilizers, grapes and zinc. Grape like in Korea had faced 54.90 % tariff rate in Turkey.

As a result, Kyrgyzstan, Kazakhstan and Uzbekistan are not generally applying tariffs against each other except some protected sectors, and in some sectors Azerbaijan was included as well. Within this, Korea and Turkey are facing high tariff duties in Central Asia and against each other.

In the next chapter, Turkey's potential export possibilities will be analyzed by two different approaches. At the end of each approach, Turkey's new trade volumes with other the Altai states will be estimated after the removal of tariffs.

CHAPTER 7

TURKEY'S EXPORT POTENTIAL TO THE ALTAI UNION

In this chapter, export potential of Turkey to other the Altai states are analyzed in the context of two approaches developed in this study. The first approach takes ten best products (HS 2 Digits) of Turkey into account and sets targets for each sector without considering tariff rates.

Second approach is based on comparisons of tariffs applied by other the Altai states against Turkey and other countries. And product selection is more specific (based on HS 4 Digits). Therefore, targets set, are going to be more accurate. For both approaches, data of 2008 will be used and for the first approach, only oil will be based on HS 4 Digits.

Export Potential Without Current Tariffs

The first approach begins with Turkey's vehicles sector presented in Table 356.

Sector 1 : Vehicles (HS 87)

Turkey's Export Volume : 18,209,606,000 US$

Table 356. Vehicle Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	973,090	2,646,174	155,375	7,180,816	402,301	1,168,457
From Turkey	126,026	25,228	1,571	4,240	9,516	40,860
%	12.95	0.95	1.01	0.06	2.37	3.50
Difference	847,064	2,620,946	153,804	7,176,576	392,785	1,127,597

Note. Data retrieved from ITC (2011)

Considering the vehicles sector, only Azerbaijan's import share is remarkable. Azerbaijan imported totally 973 million US$ worth vehicles from all around the world in 2008 and Turkey's cars' share could only be 12.95 % with 126 million US$. Uzbekistan followed Azerbaijan with 40.8 million US$ and 3.50 % share. Considering imports of Uzbekistan from Turkey and from the world, there is a difference of 1.12 Billion US$ which can be counted as trade potential. During our research, our target of taking advantage of this difference would be 30 %. That means there is a car import of 12,318,772,000 US$ by the Altai states, excluding Turkish cars, and our target would be 30 % of it which is equal to 3.69 billion US$.

Sector 2 : Iron and steel (HS 72)

Turkey's Export Volume : 14,946,400,000 US$

Table 357. Iron and Steel Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	192,119	1,183,467	89,714	35,785,000	211,456	423,516
From Turkey	20,334	9,853	800	416	99,299	2,581
%	10.58	0.83	0.89	0.00	46.96	0.61
Difference	171,785	1,173,614	88,914	35,784,584	112,157	420,935

Note. Data retrieved from ITC (2011)

Turkey's iron and steel sector's best customer between the Altai states had been Turkmenistan with her 46.96 % share. Azerbaijan also gave a share of 10.58 % to Turkish iron and steel sector. Total imports of the Altai states, excluding Turkish iron and steel, is 37.751 billion US$ and our target would be 11.32 billion US$.

Sector 3 : Machinery (HS 84)

Turkey's Export Volume : 10,260,217,000 US$

Table 358. Machinery Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	1,606,716	7,151,948	287,781	41,585,379	998,597	1,558,642
From Turkey	130,596	166,873	16,672	30,245	66,788	71,205
%	8.13	2.33	5.79	0.07	6.69	4.57
Difference	1,476,120	6,985,075	271,109	41,555,134	931,809	1,487,437

Note. Data retrieved from ITC (2011)

Turkish machinery had a share of 8.13 % in Azerbaijan, 2.33 % in Kazakhstan, 5.79 % in Kyrgyzstan, only 0.07 % in Korea, 6.69 % in Turkmenistan and 4.56 % in Uzbekistan. Total volume of other countries' shares was 52.706 billion US$. So our target would be an additional 15.82 billion US$ for this sector.

Sector 4 : Electrical, Electronic (HS 85)

Turkey's Export Volume : 7,967,067,000 US$

Table 359. Electrical, Electronic Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	597,857	2,342,798	168,852	61,848,373	348,384	608,358
From Turkey	93,957	134,301	5,959	15,439	80,109	21,867
%	15.72	5.73	3.53	0.02	22.99	3.59
Difference	503,900	2,208,497	162,893	61,832,934	268,275	586,491

Note. Data retrieved from ITC (2011)

Again Turkmenistan had given the most share to Turkish electronic and electrical products sector (22.99 %) and was followed by Azerbaijan (15.72 %). Korea imports about 61.84 billion US$ of this sector which is much higher than Turkey's export

volume, therefore for this sector, we keep our target at 10 % only. Thus, our target would be 6.55 billion US$ which is 10 % of 65.55 billion US$.

Sector 5 : Textile, knit (HS 61)

Turkey's Export Volume : 7,827,970,000 US$

Table 360. Textile, Knit Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	1,871	46,579	83,987	1,273,073	33,712	35,192
From Turkey	497	5,528	11,330	10,579	2,486	984
%	26.56	11.87	13.49	0.83	7.37	2.80
Difference	1,374	41,051	72,657	1,262,494	31,226	34,208

Note. Data retrieved from ITC (2011)

Turkish knit textile's share was 26.56 % in Azerbaijan, 11.87 % in Kazakhstan, 13.49 % in Kyrgyzstan, only 0.83 % in Korea, 7.37 % in Turkmenistan and 2.80 % in Uzbekistan. For textile, sector, both knit and not knit, we increase our target to 50 %, thus our aim would be an additional 721 million US$.

Sector 6 : Oil not crude (HS 2710)

Turkey's Export Volume : 7,531,454,000 US$

Table 361. Oil not Crude Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	96,782	1,563,394	1,246	17,080,908	22,795	162,400
From Turkey	6,873	4,969	0	25,230	6,025	1,914
%	7.10	0.32	0.00	0.15	26.43	1.18
Difference	89,909	1,558,425	1,246	17,055,678	16,770	160,486

Note. Data retrieved from ITC (2011)

Turkmenistan and Azerbaijan had given the most share to Turkish processed oil (26.43 % and 7.10 % respectively). The total difference is 18.882 billion US$, therefore our target would be its 30 % equal to 5.66 billion US$.

Sector 7 : Articles of iron and steel (HS 73)

Turkey's Export Volume : 5,742,286,000 US$

Table 362. Articles of Iron and Steel Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	474,157	4,386,252	68,322	6,324,899	794,776	934,772
From Turkey	107,874	145,804	1,342	1,393	82,111	11,863
%	22.75	3.32	1.96	0.02	10.33	1.27
Difference	366,283	4,240,448	66,980	6,323,506	712,665	922,909

Note. Data retrieved from ITC (2011)

Azerbaijan takes the lead with 22.75 % share for Turkish products and Turkmenistan takes the 2nd place with 10.33 %. Total difference was 12.632 billion US$ in 2008, therefore our target would be 3.789 billion US$ additional export volume.

Sector 8 : Pearls (HS 71)

Turkey's Export Volume : 5,383,131,000 US$

Table 363. Pearl Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	3,624	61,663	8,837	3,527,696	32,768	37,710
From Turkey	80	4,789	6,206	280	22,185	3,104
%	2.21	7.77	70.23	0.01	67.70	8.23
Difference	3,544	56,874	2,631	3,527,416	10,583	34,606

Note. Data retrieved from ITC (2011)

Turkey has taken higher shares in this sector compared to previous ones. Like 70.23 % in Kyrgyzstan, 67.70 % in Turkmenistan, 8.32 % in Uzbekistan, 7.77 % in Kazakhstan, 2.21 % in Azerbaijan and only 0.01 % in Korea. Our target would be 1.09 billion US$ out of 3.63 billion US$ difference.

Sector 9 : Textile not knit (HS 62)

Turkey's Export Volume : 5,326,707,000 US$

Table 364. Textile, not Knit Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	21,617	84,976	62,621	2,720,113	28,472	25,753
From Turkey	981	5,663	4,585	18,570	3,449	781
%	4.54	6.66	7.32	0.68	12.11	3.03
Difference	20,636	79,313	58,036	2,701,543	25,023	24,972

Note. Data retrieved from ITC (2011)

Turkish not knit textile's share was 12.11 % in Turkmenistan, 7.32 % in Kyrgyzstan, 6.66 % in Kazakhstan, 4.54 % in Azerbaijan, 3.03 % in Uzbekistan and only 0.68 % in Korea. Therefore our target of 50 % for this textile would be an additional export volume of 1.454 billion US$.

Sector 10 : Plastics (HS 39)

Turkey's Export Volume : 3,564,255,000 US$

Table 365. Plastics Sector Export Potential (Thousand US$)

Country	Azerbaijan	Kazakhstan	Kyrgyzstan	South Korea	Turkmenistan	Uzbekistan
Total Imports	196,871	925,459	65,389	7,474,607	91,033	265,108
From Turkey	22,580	55,308	5,747	1,293	42,886	35,288
%	11.47	5.98	8.79	0.02	47.11	13.31
Difference	174,291	870,151	59,642	7,473,314	48,147	229,820

Note. Data retrieved from ITC (2011)

Turkish plastics' share had been 47.11 % in Turkmenistan, 13.31 % in Uzbekistan, 11.47 % in Azerbaijan, 8.79 % in Kyrgyzstan, 5.98 % in Kazakhstan and 0.02 % in Korea. The total difference is 8.855 billion US$, therefore our target becomes 2.65 billion US$.

As a result, the total export volume of Turkey was 132 billion US$ in 2008. Top 10 export sectors of Turkey makes a total of 86.759 billion US$ which is equal to 65.72 % of total exports. And only 4.02 billion of this 132 billion is the Altai states' part.

The total differences caused by the Altai states had become 216.699 billion US$ and our calculated targets made a total of 52.767 billion US$. If only by Top 10 sectors (65.72 %), our target is 52.767 billion US$, for all industries, the total target would be an additional 80.29 billion US$. Finally, if summed up with Turkey's total 2008 export volume, it becomes 212.29 billion US$ with a short calculation (from 33th to 20th place in the world).

It can be concluded by saying those calculations are just on paper and reaching targets doesn't only depend on economic integration, but depends also on quality, logistics, price advantages and competitiveness.

Export Potential Under Tariffs

In the tariffs chapter, applied tariffs by other the Altai states for ten selected product of each member countries, total export volumes and import volumes from each other were examined. The states' best import and export partners for those products based on HS 4 digits were also given. But this time, mirror data is used to track the differences.

In this approach, HS 4 digits (ten strongest products of Turkey) will be taken into account to be more specific and tariffs applied to Turkey and to other countries selected around the world, will be compared. Then import volumes of the Altai states except Turkey from different groups and countries, will be given. Regarding tariffs, for each country and product, targets will be set. For example, Azerbaijan imported cars worth 595 million US$ in 2008 and regarding tariffs and new improvements, our target is 30 %, so Turkey who exports 14.5 million US$ worth cars to Azerbaijan, can now export 174 million US$.

Considering tariff rates with other competitors, our target predictions will be more accurate in this combined chapter (Tariff rates will be given rounded).

The first product chosen for Turkey is the automobile. Comparisons and targets are presented in Table 366.

Table 366. Tariffs, Targets and Imports of Automobiles 8703 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
UAE	2.00%	Lithuania	21.10%	Korea	10.00%	Germany	8.00%	Germany	0.00%	Korea	30.00%
Germany	2.00%	UAE	42.10%	Japan	10.00%	Japan	8.00%	UAE	0.00%	Germany	30.00%
Russia	0.00%	Germany	21.10%	Lithuania	10.00%	the USA	8.00%	Austria	0.00%	UAE	60.00%
Korea	2.00%	Japan	21.10%	Germany	10.00%	UK	8.00%	Russia	0.00%	Russia	0.00%
UK	2.00%	the USA	21.10%	the USA	10.00%	Austria	8.00%	Slovakia	0.00%	Switzer.	30.00%
Japan	2.00%	Russia	0.00%	Russia	0.00%	France	8.00%	the USA	0.00%	the USA	30.00%
Turkey	2.00%	Turkey	21.10%	Turkey	10.00%	Turkey	8.00%	Turkey	0.00%	Turkey	30.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	14,596	Turkey	2,659	Turkey	0	Turkey	39	Turkey	487	Turkey	0
Korea	148,661	Korea	31,212	Korea	42,542	CEAS	0	Korea	807	Korea	117,048
CIS	137,134	CIS	58,180	CIS	8,746	BRIC	4,653	CIS	14,670	CIS	71,420
BRIC	88,564	BRIC	62,934	BRIC	7,170	China	3,653	BRIC	13,265	BRIC	73,206
Russia	82,994	Russia	57,339	Russia	6,559	Japan	644,519	Russia	13,224	Russia	71,062
the USA	15,497	the USA	58,857	the USA	7,655	the USA	376,169	the USA	555	the USA	2,944
the EU Top	128,117	the EU Top	124,355	the EU Top	49,684	the EU Top	1,342,282	the EU Top	25,456	the EU Top	15,858
Total	595,795	Total	493,497	Total	128,390	Total	2,501,309	Total	58,661	Total	231,729
Diff.	581,199	Diff.	490,838	Diff.	128,390	Diff.	2,501,270	Diff.	58,174	Diff.	231,729
Target	30% 174,360	Target	30% 147,251	Target	30% 38,517	Target	20% 500,254	Target	20% 11,635	Target	30% 69,519

Note. Data retrieved from ITC (2011)

Regarding cars coded 8703, Azerbaijan applies 2 % tariff for many countries except CIS. And below tariffs, import volumes of Azerbaijan are given for different groups and countries including some Top the EU states' volumes. Turkey's export volume to Azerbaijan was deducted from the total import volume of 595,785,000 US$ and difference was found. If 30 % of this difference can be taken by Turkey due to removed tariffs, improved relations and new logistics Project which will be given later, Turkey's volume can increase from 14.5 million US$ to 174.3 million US$. For this product, the same target was set up for Kazakhstan, Kyrgyzstan and Uzbekistan as well. But as the Korean market seems more competitive, it was lowered to 20 % there. Turkmenistan doesn't apply any tariffs to others as well; therefore our target was also lowered to 20 %.

Table 367. Gains of Turkey for Cars 8703 (Thousand US$)

Turkey's Exports	7,474,402
Turkey to Altai	17,781
Altai Imports	4,009,381
Difference	3,991,600
Average Target	23.59 %
Additional Target	941,536

Note. Data retrieved from ITC (2011)

Turkey only exports her cars to the Altai states with a very low volume of 17.7 million US$ while those states‘ total import volume is 4 billion US$. With total targets of each country, our target reaches an additional volume of 941 million US$.

The second product chosen is the refrigerator. Table 368 presents comparisons and targets for Turkish refrigerators.

Table 368. Tariffs, Targets and Imports of Refrigerators 8418 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Russia	0.00%	Russia	0.00%	Russia	0.00%	China	8.00%	Italy	0.00%	China	8.50%
Ukraine	0.00%	China	17.20%	Belarus	0.00%	Japan	8.00%	China	0.00%	Russia	0.00%
Italy	13.90%	Ukraine	0.00%	China	10.00%	the USA	8.00%	India	0.00%	Italy	8.50%
Denmark	13.90%	Korea	17.20%	Ukraine	0.00%	Indonesia	0.10%	France	0.00%	Korea	8.50%
China	13.90%	Indonesia	17.20%	Thailand	10.00%	UK	8.00%	Russia	0.00%	Belarus	0.00%
Belarus	0.00%	Belarus	0.00%	Korea	10.00%	Thailand	0.10%	Germany	0.00%	Germany	8.50%
Turkey	13.90%	Turkey	17.20%	Turkey	10.00%	Turkey	8.00%	Turkey	0.00%	Turkey	8.50%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	18,593	Turkey	11,077	Turkey	4,013	Turkey	250	Turkey	5,775	Turkey	3,725
Korea	207	Korea	7,194	Korea	357	CEAS	0	Korea	74	Korea	1,464
CIS	31,010	CIS	53,862	CIS	5,243	BRIC	737	CIS	3,913	CIS	17,606
BRIC	14,477	BRIC	82,641	BRIC	12,027	China	108,679	BRIC	11,235	BRIC	17,155
Russia	14,270	Russia	37,568	Russia	3,199	Japan	63,377	Russia	2,747	Russia	9,822
the USA	33	the USA	263	the USA	61	the USA	37,170	the USA	0	the USA	21
the EU Top	6,664	the EU Top	32,097	the EU Top	1,210	the EU Top	64,067	the EU Top	1,993	the EU Top	6,763
Total	59,421	Total	155,557	Total	20,940	Total	306,322	Total	21,077	Total	38,134
Diff.	40,828	Diff.	144,480	Diff.	16,927	Diff.	306,072	Diff.	15,302	Diff.	34,409
Target	50%	Target	50%	Target	30%	Target	20%	Target	30%	Target	30%
	20,414		72,240		5,078		61,214		4,591		10,323

Note. Data retrieved from ITC (2011)

Turkey exported refrigerators, freezers worth about 1.45 billion US$ in 2008 and had a world share of 3.59 %. Turkey faced about 13.90 % tariffs in Azerbaijan, 17.20 % in Kazakhstan, 10 % in Kyrgyzstan, 8 % Korea and 8.50 % in Uzbekistan. Only Turkmenistan did not apply any tariffs. Therefore, except in Turkmenistan, all other CIS members surpassed Turkish export volume with the advantage of no tariffs. This would surely encourage European manufacturers as well to invest in Turkey to be able to export to Central Asia without tariffs. Target was set as 50 % for Azerbaijan and Kazakhstan as Turkey has already a fair share there. 30 % was chosen in Turkmenistan and Uzbekistan because they have low imports volumes including Turkey. Finally a 20 % target was set up for Korea, because it could be the hardest market for Turkey who is without share. Time is needed for market penetration.

Table 369. Gains of Turkey for Refrigerators 8418 (Thousand US$)

Turkey's Exports	1,454,177
Turkey to Altai	43,433
Altai Imports	601,451
Difference	558,018
Average Target	31.16 %
Additional Target	173,860

Note. Data retrieved from ITC (2011)

The Altai Union’s share in Turkey 8418 exports is 2.98 % only. Increasing this share to 11.95 % should not be a dream. According to our targets, Turkey’s export volume increases from 43 million US$ to 173 million US$. And Turkey’s share in Altai’s imports is 7.22 % only; our new target is to increase it to 36.12 %. It should be noted that those targets are additional to the current export volume which means they should be summed up with the actual volume.

Third product chosen is bar of iron. Table 370 presents comparisons and targets for Turkish iron and steel sector.

Table 370. Tariffs, Targets and Imports of Bars&Rods of Iron 7214 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Ukraine	0.00%	Russia	0.00%	Russia	0.00%	Japan	0.00%	Russia	0.00%	Russia	0.00%
Russia	0.00%	Uzbekistan	0.00%	China	0.00%	Taiwan	0.00%	Ukraine	0.00%	China	5.00%
Georgia	0.00%	China	5.90%	Kazakhstan	0.00%	China	0.00%	Kazakhstan	0.00%	Ukraine	0.00%
Germany	6.10%	Germany	5.90%	Belarus	0.00%	the USA	0.00%	China	0.00%	Kazakhstan	0.00%
Holland	6.10%	Moldova	0.00%	Czech	0.00%	Germany	0.00%	Belarus	0.00%	Belarus	0.00%
France	6.10%	UAE	11.80%	France	0.00%	Romania	0.00%	Czech	0.00%	France	5.00%
Turkey	6.10%	Turkey	5.90%	Turkey	0.00%	Turkey	0.00%	Turkey	0.00%	Turkey	5.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	22,695	Turkey	1	Turkey	0	Turkey	0	Turkey	83,574	Turkey	23
Korea	0	Korea	0	Korea	0	CEAS	0	Korea	0	Korea	0
CIS	212,074	CIS	153,828	CIS	21,238	BRIC	224,503	CIS	59,814	CIS	4,371
BRIC	16,512	BRIC	154,982	BRIC	18,052	China	224,503	BRIC	43,539	BRIC	4,762
Russia	16,425	Russia	137,110	Russia	15,813	Japan	355,026	Russia	36,584	Russia	2,972
the USA	0	the USA	9	the USA	0	the USA	2,162	the USA	0	the USA	0
the EU Top	3,755	the EU Top	2,323	the EU Top	0	the EU Top	2,561	the EU Top	79	the EU Top	1
Total	238,645	Total	174,102	Total	23,477	Total	623,637	Total	150,620	Total	6,185
Diff.	215,950	Diff.	174,101	Diff.	23,477	Diff.	623,637	Diff.	67,046	Diff.	6,162
Target	30% 64,785	Target	50% 87,051	Target	20% 4,695	Target	20% 124,727	Target	20% 13,409	Target	30% 1,849

Note. Data retrieved from ITC (2011)

This category of Turkey owns an export volume of 8.8 billion US$ which is very important for Turkey. CIS members' export volume is about ten times higher than Turkey's in Azerbaijan, as they have no tariffs applied. The target set is 30 % there, but the new volume would also be around 30 % of CIS members' volume. In Kazakhstan 50 % was chosen which will barely reach Russia's export volume's 50 %. In Kyrgyzstan, Korea and Uzbekistan, the target was set as 20 % as there are no tariffs. Finally 30 % was chosen for Uzbekistan which imports a small volume.

Turkey's share in Altai imports is 8.73 % and our target would be 402.8 million US$ which counts for 33.10 %.

Table 371. Gains of Turkey for Bars&Rods of Iron 7214 (Thousand US$)

Turkey's Exports	8,800,147
Turkey to Altai	106,293
Altai Imports	1,216,666
Difference	1,110,373
Average Target	26.70 %
Additional Target	296,516

Note. Data retrieved from ITC (2011)

The fourth product chosen is the t-shirt. Table 372 presents comparisons and targets for Turkish textile sector.

Table 372. Tariffs, Targets and Imports of T-Shirts, Singlets 6109 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Germany	15.00%	China	10.20%	India	10.50%	China	12.90%	India	44.10%	Belgium	30.00%
India	15.00%	India	10.20%	China	10.50%	Indonesia	8.10%	Thailand	44.10%	Italy	30.00%
Italy	15.00%	Tunisia	10.20%	Korea	10.50%	Italy	13.00%	Italy	44.10%	Germany	30.00%
Thailand	15.00%	Bangladesh	10.20%	Italy	10.50%	India	12.90%	Holland	44.10%	Thailand	60.00%
Russia	0.00%	Vietnam	10.20%	Kazakhstan	0.00%	Spain	13.00%	Russia	44.10%	Kyrgyzstan	0.00%
Belarus	0.00%	Russia	0.00%	Russia	0.00%	Malaysia	8.10%	China	44.10%	Russia	0.00%
Turkey	15.00%	Turkey	10.20%	Turkey	10.50%	Turkey	13.00%	Turkey	44.10%	Turkey	30.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	476	Turkey	3,731	Turkey	2,332	Turkey	1,937	Turkey	350	Turkey	122
Korea	0	Korea	314	Korea	760	CEAS	0	Korea	0	Korea	9
CIS	49	CIS	602	CIS	75	BRIC	295,296	CIS	3	CIS	133
BRIC	39,106	BRIC	346,644	BRIC	472,051	China	293,130	BRIC	90	BRIC	3,511
Russia	29	Russia	516	Russia	27	Japan	1,523	Russia	3	Russia	130
the USA	0	the USA	29	the USA	0	the USA	6,048	the USA	0	the USA	0
the EU Top	1,967	the EU Top	7,383	the EU Top	108	the EU Top	16,132	the EU Top	11	the EU Top	423
Total	42,158	Total	359,363	Total	475,393	Total	347,880	Total	646	Total	4,080
Diff.	41,682	Diff.	355,632	Diff.	473,061	Diff.	345,943	Diff.	296	Diff.	3,958
Target	50% 20,841	Target	50% 177,816	Target	50% 236,531	Target	50% 172,972	Target	50% 148	Target	50% 1,979

Note. Data retrieved from ITC (2011)

The Turkish textile industry must be encouraged against Chinese materials. The target was set 50 % for Azerbaijan where 15 % tariff is applied. Same target was chosen in other states as well against Chinese products. 10.20 % tariff is applied in

Kazakhstan, 10.50 % in Kyrgyzstan, 44.10 % in Turkmenistan, 13 % in Korea, 30 % in Uzbekistan.

Table 373. Gains of Turkey for T-Shirts, Singlets 6109 (Thousand US$)

Turkey's Exports	2,904,715
Turkey to Altai	8,948
Altai Imports	1,229,520
Difference	1,220,572
Average Target	50,00 %
Additional Target	610,286

Note. Data retrieved from ITC (2011)

Turkey's share in Altai's imports is only 0.72 % which is a pity for the textile industry. But the new target is 619,234 million US$ which is equal to 50.36 % of total. Fifth product chosen is the insulated wire. Table 374 presents comparisons and targets for Turkish wire sector.

Table 374. Tariffs, Targets and Imports of Insulated Wire 8544 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Russia	0.00%	Russia	0.00%	Russia	0.00%	China	6.20%	China	0.00%	China	28.70%
Ukraine	0.00%	Germany	11.20%	China	0.50%	the USA	6.40%	Russia	0.00%	Korea	28.70%
Belarus	0.00%	Italy	11.20%	Kazakhstan	0.00%	Japan	6.40%	Germany	0.00%	Russia	0.00%
China	11.00%	China	11.20%	Ukraine	0.00%	Germany	6.40%	France	0.00%	Latvia	28.70%
Germany	11.00%	Ukraine	0.00%	Poland	0.50%	Malaysia	4.00%	Ukraine	0.00%	Serbia	57.30%
UK	11.00%	Belarus	0.00%	Finland	0.50%	Singapore	1.60%	UAE	0.00%	Ukraine	0.00%
Turkey	11.00%	Turkey	11.20%	Turkey	0.50%	Turkey	6.40%	Turkey	0.00%	Turkey	28.70%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	39,737	Turkey	52,545	Turkey	2,391	Turkey	3	Turkey	24,765	Turkey	2,378
Korea	12	Korea	556	Korea	167	CEAS	0	Korea	0	Korea	814
CIS	32,047	CIS	145,550	CIS	4,656	BRIC	852,209	CIS	8,933	CIS	7,969
BRIC	18,904	BRIC	140,505	BRIC	5,833	China	850,251	BRIC	15,321	BRIC	12,236
Russia	17,820	Russia	119,593	Russia	3,894	Japan	100,303	Russia	7,215	Russia	5,782
the USA	706	the USA	8,897	the USA	18	the USA	55,226	the USA	126	the USA	19
the EU Top	12,983	the EU Top	93,609	the EU Top	1,726	the EU Top	109,165	the EU Top	8,214	the EU Top	3,478
Total	88,312	Total	343,882	Total	11,971	Total	1,273,123	Total	51,540	Total	22,067
Diff.	48,575	Diff.	291,337	Diff.	9,580	Diff.	1,273,120	Diff.	26,775	Diff.	19,689
Target	30% 14,573	Target	30% 87,401	Target	30% 2,874	Target	20% 254,624	Target	20% 5,355	Target	50% 9,845

Note. Data retrieved from ITC (2011)

Except Turkmenistan and Kyrgyzstan, the Altai states apply high duties to Turkish insulated wires and cables. Turkey exporting about 2.08 billion US$ with a world share of 2.16 %. Within Turkey, Turkey has a fair share in those states except Korea with 0 %. Therefore, target is set as 30 % for Azerbaijan, Kazakhstan and Kyrgyzstan where Turkey's share is not bad. 20 % is kept for Korea and Turkmenistan because penetration to Korean market is not easy at the beginning and Turkmenistan doesn't apply any tariffs. Finally, target is increased to 50 % for Uzbekistan as Turkey would have a big tariff advantage of 28.70 %.

Table 375. Gains of Turkey for Insulated Wire 8544 (Thousand US$)

Turkey's Exports	2,087,511
Turkey to Altai	121,819
Altai Imports	1,790,895
Difference	1,669,076
Average Target	22.45 %
Additional Target	374,671

Note. Data retrieved from ITC (2011)

Turkey's share is only about 6.80 % with 121 million US$. Adding this volume to the new additional target of 374 million US$, we obtain 496.49 million US$ which will be 27.72 % of total imports.

Table 376.Tariffs, Targets and Imports of Petroleum Not Crude 2710 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Russia	0.00%	Russia	0.00%	Russia	0.00%	India	5.40%	Germany	0.00%	Kazakhstan	0.00%
Belgium	12.20%	Finland	5.00%	Kazakhstan	0.00%	Japan	5.40%	UAE	0.00%	Czech	30.00%
UK	12.20%	Germany	5.00%	Belgium	1.60%	Singapore	2.60%	Latvia	0.00%	Russia	0.00%
Italy	12.20%	Azerbaijan	0.00%	Korea	1.60%	Russia	5.40%	China	0.00%	Finland	30.00%
China	12.20%	China	5.00%	Germany	1.60%	China	5.40%	Russia	0.00%	Azerbaijan	0.00%
Ukraine	0.00%	Lithuania	5.00%	Ukraine	0.00%	Malaysia	3.60%	Ukraine	0.00%	Korea	30.00%
Turkey	12.20%	Turkey	5.00%	Turkey	1.60%	Turkey	5.40%	Turkey	0.00%	Turkey	30.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	15,026	Turkey	28,082	Turkey	145	Turkey	71	Turkey	6,025	Turkey	1,914
Korea	129	Korea	2,834	Korea	1,299	CEAS	0	Korea	0	Korea	2,091
CIS	16,666	CIS	1,324,287	CIS	826,485	BRIC	2,923,553	CIS	6,530	CIS	148,969
BRIC	21,947	BRIC	1,306,432	BRIC	787,953	China	839,849	BRIC	6,519	BRIC	7,976
Russia	13,082	Russia	1,298,285	Russia	786,325	Japan	888,932	Russia	3,888	Russia	5,815
the USA	203	the USA	2,899	the USA	154	the USA	380,406	the USA	12	the USA	0
the EU Top	31,585	the EU Top	76,410	the EU Top	8,845	the EU Top	182,751	the EU Top	5,179	the EU Top	6,870
Total	79,123	Total	1,451,649	Total	839,491	Total	5,769,994	Total	22,795	Total	162,400
Diff.	64,097	Diff.	1,423,567	Diff.	839,346	Diff.	5,769,923	Diff.	16,770	Diff.	160,486
Target	30% 19,229	Target	15% 213,535	Target	10% 83,935	Target	10% 576,992	Target	30% 5,031	Target	20% 32,097

Note. Data retrieved from ITC (2011)

Regarding petroleum oils (not crude); Turkey faces high duties in Azerbaijan and Uzbekistan. Tariffs are lower in Kazakhstan, Kyrgyzstan and South Korea. And Turkmenistan doesn't apply any. Target was set as 30 % in Azerbaijan where Turkey has already a fair share. 15 % was selected in Kazakhstan and 10 % in Kyrgyzstan which buys from Russian due to tariff, resource and logistics advantage. For Korea, 10 % was chosen because of distance and transportation problem for this product. 20 % in Turkmenistan because of tariffs and 30 % in Uzbekistan which applies a tariff of 30 % to others and to Turkey. Lowering tariffs will create a great advantage for Turkey especially in Uzbekistan.

Table 377. Gains of Turkey for Petroleum Not Crude 2710 (Thousand US$)

Turkey's Exports	7,083,608
Turkey to Altai	51,263
Altai Imports	8,325,452
Difference	8,274,189
Average Target	11.25 %
Additional Target	930,819

Note. Data retrieved from ITC (2011)

The Altai Union's aim is to increase Turkey's current share of 0.61 % to 11.79 % with a total export volume of 982 million US$. Average target is the lowest for this product (11.25 %).

The sixth product chosen is the tube of iron. Table 378 presents comparisons and targets for another part of Turkish iron and steel sector.

Table 378.Tariffs, Targets and Imports of Iron Tubes and Pipes 7306 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Ukraine	0.00%	Russia	0.00%	Russia	0.00%	China	0.00%	Malaysia	0.00%	Russia	0.00%
Russia	0.00%	Norway	15.70%	China	0.00%	the USA	0.00%	China	0.00%	China	10.00%
UK	9.20%	Ukraine	0.00%	Kazakhstan	0.00%	Japan	0.00%	Ukraine	0.00%	Ukraine	0.00%
China	9.20%	Germany	15.70%	Ukraine	0.00%	Germany	0.00%	Turkey	0.00%	Italy	10.00%
Holland	9.20%	China	15.70%	Belgium	0.00%	Taiwan	0.00%	Russia	0.00%	Sweden	10.00%
the USA	9.20%	Italy	15.70%	Korea	0.00%	France	0.00%	France	0.00%	Kazakhstan	0.00%
Turkey	9.20%	Turkey	15.70%	Turkey	0.00%	Turkey	0.00%	Turkey	0.00%	Turkey	10.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	48,030	Turkey	6,430	Turkey	174	Turkey	24	Turkey	5,250	Turkey	2,198
Korea	47	Korea	44	Korea	81	CEAS	0	Korea	0	Korea	124
CIS	38,612	CIS	104,797	CIS	4,951	BRIC	48,303	CIS	19,096	CIS	26,716
BRIC	22,983	BRIC	103,487	BRIC	6,299	China	43,690	BRIC	20,941	BRIC	25,797
Russia	22,806	Russia	91,231	Russia	456	Japan	31,806	Russia	7,319	Russia	22,136
the USA	2,126	the USA	226	the USA	0	the USA	22,114	the USA	9	the USA	0
the EU Top	14,400	the EU Top	14,152	the EU Top	130	the EU Top	46,216	the EU Top	5,553	the EU Top	961
Total	103,651	Total	141,937	Total	11,421	Total	170,686	Total	44,634	Total	33,738
Diff.	55,621	Diff.	135,507	Diff.	11,247	Diff.	170,662	Diff.	39,384	Diff.	31,540
Target	50% 27,811	Target	50% 67,754	Target	20% 2,249	Target	20% 34,132	Target	20% 7,877	Target	25% 7,885

Note. Data retrieved from ITC (2011)

Turkish iron sector faces high duties in Azerbaijan, in Kazakhstan and in Uzbekistan. The target for Azerbaijan and Kazakhstan is 50 % as Turkey has already had a share. It was decided to keep it at 20 % in Kyrgyzstan, Korea and Turkmenistan where there are no tariffs. Finally, it was set up 25 % in Uzbekistan where Russia takes the lead with 10 % tariff advantage.

Table 379. Gains of Turkey for Iron Tubes and Pipes 7306 (Thousand US$)

Turkey's Exports	1,492,473
Turkey to Altai	62,106
Altai Imports	506,067
Difference	443,961
Average Target	33.27 %
Additional Target	147,708

Note. Data retrieved from ITC (2011)

Turkey's share in Altai's imports is 12.27 %, and with the new target, this volume is supposed to reach 41.46 %.

The seventh product chosen is the women's suit. Table 380 presents comparisons and targets for the second part of Turkish textile sector.

Table 380.Tariffs, Targets and Imports of Women's Suits 6204 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Italy	15.00%	Italy	11.10%	China	12.00%	China	7.40%	India	35.10%	Italy	30.00%
Germany	15.00%	Germany	11.10%	India	12.00%	Italy	13.00%	UAE	0.00%	France	30.00%
France	15.00%	China	11.10%	Italy	12.00%	Japan	13.00%	Holland	35.10%	Germany	30.00%
India	15.00%	France	11.10%	Korea	12.00%	France	13.00%	Russia	35.70%	Korea	30.00%
the USA	15.00%	Korea	11.10%	Russia	0.00%	Indonesia	9.50%	Kyrgyzstan	35.10%	Kyrgyzstan	0.00%
Russia	0.00%	UAE	22.30%	Kazakhstan	0.00%	Sri Lanka	7.40%	Germany	35.10%	Russia	0.00%
Turkey	15.00%	Turkey	11.10%	Turkey	12.00%	Turkey	13.00%	Turkey	35.10%	Turkey	30.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	237	Turkey	3,661	Turkey	222	Turkey	1,237	Turkey	86	Turkey	130
Korea	4	Korea	590	Korea	323	CEAS	2	Korea	0	Korea	25
CIS	224	CIS	1,126	CIS	32	BRIC	361,398	CIS	37	CIS	46
BRIC	2,059	BRIC	27,445	BRIC	14,632	China	360,107	BRIC	1,240	BRIC	40
Russia	150	Russia	960	Russia	28	Japan	9,588	Russia	7	Russia	18
the USA	56	the USA	284	the USA	0	the USA	4,390	the USA	0	the USA	16
the EU Top	13,103	the EU Top	17,296	the EU Top	1,832	the EU Top	87,161	the EU Top	50	the EU Top	5,912
Total	16,594	Total	89,325	Total	17,186	Total	520,782	Total	1,665	Total	6,535
Diff.	16,357	Diff.	85,664	Diff.	16,964	Diff.	519,545	Diff.	1,579	Diff.	6,405
Target	50% 8,179	Target	50% 42,832	Target	50% 8,482	Target	50% 259,773	Target	50% 790	Target	50% 3,203

Note. Data retrieved from ITC (2011)

Like 6109 coded T-shirts, we set up our target as 50 % here for women's suits, jackets, skirt dresses as well. Turkey faces very high tariff rates in all the Altai states and is beaten by Chinese products.

Table 381. Gains of Turkey for Women's Suits 6204 (Thousand US$)

Turkey's Exports	2,196,306
Turkey to Altai	5,573
Altai Imports	652,087
Difference	646,514
Average Target	50.00 %
Additional Target	323,257

Note. Data retrieved from ITC (2011)

Turkey's share could only be 0.86 % in the Altai Union. The target is to increase this share to 50.86 % with a total volume of 328.8 million US$.

Table 382.Tariffs, Targets and Imports of Tubes of Plastics 3917 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Germany	10.90%	Russia	0.00%	China	0.00%	Japan	6.90%	the USA	0.00%	China	10.30%
Russia	0.00%	China	9.10%	Russia	0.00%	the USA	6.90%	France	0.00%	Germany	10.30%
Czech	10.90%	Germany	9.10%	Czech	0.00%	Germany	6.90%	China	0.00%	Poland	10.30%
Israel	10.90%	Ukraine	0.00%	Kazakhstan	0.00%	China	6.90%	Russia	0.00%	Russia	0.00%
UK	10.90%	Poland	9.10%	the USA	0.00%	Singapore	1.70%	Ukraine	0.00%	Kazakhstan	0.00%
Italy	10.90%	Azerbaijan	0.00%	Ukraine	0.00%	Switzer.	0.10%	Romania	0.00%	Ukraine	0.00%
Turkey	10.90%	Turkey	9.10%	Turkey	0.00%	Turkey	6.90%	Turkey	0.00%	Turkey	10.30%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	29,569	Turkey	28,269	Turkey	1,618	Turkey	271	Turkey	19,580	Turkey	10,926
Korea	0	Korea	243	Korea	11	CEAS	0	Korea	0	Korea	42
CIS	1,709	CIS	35,526	CIS	1,514	BRIC	13,642	CIS	6,009	CIS	2,474
BRIC	1,978	BRIC	66,658	BRIC	6,392	China	13,259	BRIC	6,014	BRIC	3,427
Russia	1,673	Russia	33,147	Russia	1,148	Japan	47,146	Russia	3,296	Russia	1,923
the USA	183	the USA	8,026	the USA	60	the USA	23,347	the USA	0	the USA	0
the EU Top	3,782	the EU Top	19,151	the EU Top	368	the EU Top	39,914	the EU Top	709	the EU Top	2,198
Total	38,011	Total	128,629	Total	9,081	Total	134,529	Total	29,135	Total	17,343
Diff.	8,442	Diff.	100,360	Diff.	7,463	Diff.	134,258	Diff.	9,555	Diff.	6,417
Target	50% 4,221	Target	50% 50,180	Target	50% 3,732	Target	50% 67,129	Target	50% 4,778	Target	50% 3,209

Note. Data retrieved from ITC (2011)

Plastics sector of Turkey faces high taxes in Azerbaijan, Kazakhstan, Korea and Uzbekistan, but can still compete with Russia in all of them with close shares. Therefore, with the tariff removal, Turkey will have the best advantage. For example, although there is a tariff of 10.90 % applied by Azerbaijan for Turkey and 0 % for Russia, Turkey's share is 77.79 %. In Kazakhstan, it is 21.97 % and in Uzbekistan 62.99 % for the same situation. Therefore, it was decided to increase our targets to 50 % although the starting plan was about 30 % at the beginning.

Table 383. Gains of Turkey for Tubes of Plastics 3917 (Thousand US$)

Turkey's Exports	647,024
Turkey to Altai	90,233
Altai Imports	356,728
Difference	266,495
Average Target	50.00 %
Additional Target	133,248

Note. Data retrieved from ITC (2011)

Turkey's share is already 33.85 % and after the removal of tariffs, it is expected to become 62.64 % with a total volume of 223.4 million US$.

Table 384.Tariffs, Targets and Imports of Nuts 0802 (Thousand US$)

Tariff	AZ	Tariff	KZ	Tariff	KG	Tariff	SK	Tariff	TU	Tariff	UZ
Georgia	0.00%	the USA	3.00%	Iran	35.00%	the USA	18.70%	Russia	20.30%	Australia	72.40%
Ukraine	0.00%	Germany	3.00%	Greece	0.00%	China	18.70%	Australia	20.20%	China	36.00%
Chile	15.00%	Georgia	0.00%	Singapore	0.00%	Australia	18.70%	China	20.20%	Hong Kong	72.00%
Lithuania	15.00%	Azerbaijan	0.00%	UAE	0.00%	Chile	13.80%	Germany	20.20%	Iran	72.00%
Germany	15.00%	Russia	0.00%	Australia	0.00%	Thailand	11.20%	Iran	20.20%	Italy	36.00%
Korea	15.00%	Poland	3.00%	Iraq	35.00%	Indonesia	8.80%	Italy	20.20%	Azerbaijan	0.00%
Turkey	15.00%	Turkey	3.00%	Turkey	0.00%	Turkey	18.70%	Turkey	20.30%	Turkey	36.00%
Volume	AZ	Volume	KZ	Volume	KG	Volume	SK	Volume	TU	Volume	UZ
Turkey	195	Turkey	51	Turkey	828	Turkey	0	Turkey	216	Turkey	0
Korea	0	Korea	0	Korea	0	CEAS	0	Korea	0	Korea	0
CIS	1,907	CIS	290	CIS	0	BRIC	11,874	CIS	15	CIS	103
BRIC	0	BRIC	37	BRIC	0	China	11,874	BRIC	0	BRIC	0
Russia	0	Russia	37	Russia	0	Japan	24	Russia	0	Russia	0
the USA	0	the USA	219	the USA	0	the USA	80,126	the USA	0	the USA	0
the EU Top	86	the EU Top	326	the EU Top	0	the EU Top	46	the EU Top	0	the EU Top	0
Total	2,188	Total	935	Total	828	Total	93,209	Total	231	Total	103
Diff.	1,993	Diff.	884	Diff.	0	Diff.	93,209	Diff.	15	Diff.	103
Target	50% 997	Target	50% 442	Target	90% 0	Target	50% 46,605	Target	90% 14	Target	50% 52

Note. Data retrieved from ITC (2011)

Turkey's nuts sector usually competes with Georgia but even though Turkish nuts have a higher quality, Georgia catches better export volumes due to her tariff advantage. But only in Korea, there are significant import volumes. The target was set up as 50 % for this sector where Turkey has a competitive advantage.

Table 385. Gains of Turkey for Tubes of Nuts 0802 (Thousand US$)

Turkey's Exports	904,131
Turkey to Altai	1,290
Altai Imports	97,494
Difference	96,204
Average Target	50.01 %
Additional Target	48,108

Note. Data retrieved from ITC (2011)

Turkey's share is only 1.32 % in the Altai Union, and our target is to increase it to 50.66 % with a volume of 49.39 million US$.

After the successful analysis of these ten products, Table 386 presents the total gains of Turkey after the removal of tariffs in the Altai Union.

Table 386. Gains of Turkey for All Industries (Thousand US$)

Turkey Total Export Volume (2008)	132,000,933
Turkey Top 10 Products Exports (2008)	35,044,494
Share of Top 10 Products in Total	26.55 %
Turkey's Total Export Volume to Altai	4,020,483
Altai's Share in Total Exports of Turkey	3.05 %
Turkey's Exports of Top 10 Products to Altai	508,739
% of Top 10 in Exports to Altai in Total Exports to Altai	12.65 %
Altai's Total Imports of Top 10 Products	18,785,741
Altai's Total Imports of Top 10 Products (without Turkey)	18,277,002
Additional Target for Turkey to Altai (Top 10 Products)	3,980,008
Average Additional Target	21.78 %
Target Added to Current Volume	4,488,747
Total Target for Exports to Altai	35,473,850
Total Imports of the Altai Union for All Products	497,517,484
Turkey's New Export Volume to the World	167,474,783

Note. Data retrieved from ITC (2011)

Turkey could have an export volume of 132 billion US$ in 2008. Top 10 products which were analyzed were worth 35 billion US$ (26.55 % of total exports). Within this, Turkey's exports to the Altai Union took a share of 3.05 % with a low volume of 4 billion US$. The top 10 products analyzed, were exported to the Altai Union by

Turkey with a volume of 508.7 million US$ and that volume could be 12.65 % of Turkey's total exports to the Altai states. Nevertheless, the Altai Union's total import volume was 497.51 billion US$ in 2008 and 18.78 billion US$ of this amount were those Top 10 products. So, 18.27 billion US$ of that volume was imported from countries other than Turkey.

Considering these targets and additional volumes expected, after the Customs Union in 5-8 years time, an increase of 3.98 billion US$ is expected for only those 10 products which would make a total export volume of 4.48 billion US$ just for those products (average target of increase, 21.78 %).

So, if this volume of 4.48 billion US$ counts for 12.65 % of total exports of Turkey to the Altai states, the total volume towards the Altai Union would be 35.47 billion US$. An increase from 4 billion to 35.5 billion US$ would be a tremendous support for Turkish economy. With this new volume, Turkey's total exports would be 167.47 billion US$. This volume could increase about 5-10 % considering how growth rates of those states (175 billion US$ to 184 billion US$).

In the previous approach, that volume was expected to be about 52 billion US$ with higher targets on a sectoral basis without taking tariffs into account. This volume of 35 billion would be more realistic. Therefore, it can be said that the previous volume is expected to happen in a 10-15 years' period or can be a 2023 target.

CHAPTER 8

FUTURISTIC PROJECTS

There are a few steps leading to a full economic integration where all economic frontiers are elimininated between two or more countries. It begins with a free trade area (FTA), continues with a customs union (CU) and a common market (CM), then an economic union (the EU) is established and finally a total economic integration is reached (Gunay, 2009).

Like The North American Free Trade Agreement (NAFTA), it all begins with a mutual signature of a free trade agreement. Thus, tariffs and quotas are abolished and both sides can enjoy import and exports without additional taxes. Those free trade agreements do not always cover all products. This agreement can exclude agricultural products or other selected ones. It depends on mutual agreements of the countries.

Let's assume that CIF (cost, insurance and freight) price of Chinese Plywood is 500 US$ / M^3 delivered to Istanbul and Turkey decides to apply a customs tariff of 7 %. Kazakh Plywood, assuming same quality with Chinese is priced 520 US$ / M^3 CIF Istanbul and same 7 % tariff is also Applied to it by Turkish government.

Assuming the quality, delivery conditions and capacities are same, Turkish importers would choose Chinese Plywood which has a price advantage. This is because after the customs taxes, the cost of Chinese Plywood becomes 535 US$ / M^3 and Kazakh 556.4 US$ / M^3. With the free trade agreement signed between Turkey

and Kazakhstan, Turkey removes that 7 % tariff for Kazakh Plywood. And now Kazakh Plywood becomes 15 US$ / M³ cheaper than the Chinese.

In FTAs, signatory countries are free to choose applied tariffs against third countries. That means, if Turkey removes the tariffs with Kazakhstan, she can also lower tariffs from China.

The next step of FTAs would be a Customs Union. The European Union is a full customs union which also includes Turkey as well. In addition to FTA, customs union signatory parties apply the same tariffs for non-member countries and are also willing to prevent discrimination among all members in product markets. The only problem can be stated as the time consuming process of national schedules harmonizing with common external tariffs (Gunay, 2009).

Some importer companies and some exporter third countries wouldn't like this. Therefore, all tariffs should be studied carefully. We shall explain it with a simple example, as well.

Let's assume that Chinese Plywood which is priced 500 US$ / M³ CIF Istanbul, faces 7 % tariff in Turkey and there is no production in other the Altai states. After customs union agreement, parties decide to increase the tariff for Chinese Plywood to 10 %, but there are no other competitors for it. Therefore, Turkish importers who pay 535 US$ / M³ including tax, now start to pay 550 US$ / M³. And as Plywood is used in construction industry, house prices would increase, which is not in favor of that country's citizens.

The Altai Customs Union is followed by the Altai Common Market (CM). Additionally, with a common market, the Altai states would have right to free factor

movements amongst themselves. That means a Kazakh worker can move to Turkey to work in a Turkish factory. Or a Korean company can allocate her capital including money, machinery or technology, easily to Uzbekistan.

According to many researchers, large wage differences between those states would be a big problem as many immigrants would move to the country with higher wages (Gunay, 2009). Therefore, we are going to suggest Altai Labor Allocation Control System (ALACS). That system should control the labor allocation mostly at the transition period and should be beneficial for all parties.

Assuming that average wage in Uzbekistan is 60 US$ per month and 600 US$ in Turkey. And Turkish factory X employs 1,000 workers. As there is a high unemployment rate in Turkey and this rate can increase with possible immigrations, we suggest ALACS in that case.

In ALACS, Turkish government permits Turkish factories to employ a maximum 15 % of Central Asian workers with an officially set-up wage which is lower than a Turkish citizen's wage. This wage is selected as 300 US$ per month.

Thus, Factory X, instead of paying 600,000 US$ to her workers monthly, with a simple calculation, will be paying 555,000 US$ including 850 Turkish and 150 Central Asian Turkic workers. This would bring an extra profit of 540,000 US$ per year to Factory X. Let's also add that those Central Asian workers, with language ease, can communicate with Central Asia and market factory's products.

Factory X has a few options for using this extra profit. Due to lower cost of labor, this could be used for decreasing sales prices of her materials, so that export volumes can be increased as price gets more competitive.

Another option is that this profit could be used for researching new technologies, expanding the production capacity, buying new machinery or advertisements in local and foreign markets.

But another question is likely to follow this suggestion: Wouldn't it be discrimination while a Turkish citizen gets paid 600 US$ and others only 300 US$. In fact, 300 US$ would be the amount paid by Factory X. The rest will be compensated by Turkish government or Altai Central Bank. So they will get the same amount as the Turkish workers.

One more question can be asked: Wouldn't it be too costly for the Turkish government to do this kind of compensation? As stated before in the previous chapter, Turkey's export volume to other the Altai states is only 4 billion US$ and the target was to increase it by 52 billion US$. Government can easily compensate those payments as tax revenues resulting from increasing or booming export volumes.

Can actual production meet this target? No, therefore considering this market potential, over capacity demand and facilitated implementations, Turkish or foreign investor will be encouraged to build new factories which will be the solution for the high unemployment rate of Turkey and Central Asia.

In return, many Turkish or Korean investors would establish new factories, production facilities in Central Asia and can take advantage of low-cost labor.

The following step is the Altai Economic Union (Athe EU). It includes FTA, common external tariff, free mobility of capital and labor, plus some alignment of common government policies and monetary policies. Each Altai state aligns national

policies with those other members. Those include tax rates, antitrust law, labor regulations, environmental regulations etc. (Gunay, 2009).

But the most interesting part of an economic union is the common central bank and common currency. The Altai Central Bank is going to print a single currency and the name "*Tenge*" is suggested for it. *Tenge* is a Turkic name currently used in Kazakhstan, it would be better to use a Turkic name rather than "*lira*".

Azerbaijan and Turkmenistan currently use "*manat*" which is derived from Russian word "*moneta*". Kyrgyzstan and Uzbekistan use "*som*" which means "pure" in Turkic languages, mostly used for "pure gold". And Korean Won is derived from the mix of Chinese yuan and Japanese yen. Within this, Russians borrowed the word "*Tenge*" from Turkic languages and has been using it as "*dengi*" which means money in Russian language.

The transition period to a single currency has always been painful by all means but once settled, creates a perfect transparency, ease of money transfer, common regulations and price stability in bilateral trade. A common pool of foreign exchange reserves is formed, interest rates are determined by common currency and finally exchange rates with third countries are set up centrally.

The main goals are full employment, higher growth rates, better income distribution, prevention of corruptions, better coordination, creating a strong position in the world and full integration by all means.

The final step is Total Economic Integration which includes unification of monetary, fiscal, social and counter cyclical policies by setting up a supranational authority where decision are obligatory for the members.

Travelling without passports, registering property easily, benefiting from same social rights like education and health in every member, possibility of doing military service in other members and enjoying bank accounts usable in every member; those are economic and social integration's results. For a complete union, political and cultural integrations are very important as well but these are not the topics of this study.

Finally, coming back to the plywood example, we have removed the tariff between Turkey and Kazakhstan, so Turkey started to buy from Kazakhstan; this is called "trade creation". With the removal of tariffs, China's exports to Turkey were blocked and we call that "trade diversion". Which one brings wealth to citizens?

Chinese Plywood was priced 500 US$, plus 7 % tax, meanwhile Kazakh Plywood was price 520 US$, plus 7 % tax as well. Chinese Plywood was becoming 535 US$ after taxes and Kazakh Plywood was keeping its price of 520 US$ as we have removed the tariff. Thus, Turkish importers and citizens pay a lesser amount for the same Plywood; it is beneficial for the importer, not beneficial for the government who cannot collect this 7 % tax.

But from another point of view, the Turkish citizen pays a higher price because of trade diversion. If same removal was Applied to Chinese Plywood as well, instead of 520 US$, importer would pay 500 US$. This time it is not beneficial for the government as well but better condition is created for the importer.

So which one is more beneficial? The answer would be removal of tariff for Kazakh Plywood and applying tariff to Chinese one in that case only. Because by removing the tariff for Kazakhstan, she also removes tariffs for Turkey. Thus,

Turkish exporters have advantage of exporting without customs duties as well. Within this, as there will be common tariff for third countries, for sectors competing with Chinese products, Turkish exporters will lack the 0 % customs tax advantage and local producers would be highly effected.

As a result, effects of trade creation and trade diversion are decided based on sector, local production, and competition and cannot be determined by short time goals. Briefly; the chronology would be:

- Free Trade Area
    - Removal of bilateral tariffs
- Customs Union
    - Same tariffs for third parties
- Common Market
    - Free factor movements
    - Foundation of ALACS
- Economic Union
    - Foundation of Altai Central Bank
    - Single currency (Tenge)
    - Common regulations
- Total Economic Integration
    - Supranatural authority
    - Unification of policies

Final part of this chapter is going to include the Altai Rail Project and creation of three new cities.

High freight costs are one of the biggest trade blocking problems in the Altai Union. As sea transport with containers is always lower costed than land transport with trucks. The main causes are high oil prices and unavailability of finding a return load. Within this, rare departures compared to Europe increase price more. Central Asian states have to pay 6,500 US$ to 11,600 US$ freight costs for their imports from Turkey while Europeans pay about 1,500 to 3,500 Euro only. Korea can seem the furthest but in fact with sea transport the cost is the lowest (1,345 US$ only). But this has a time disadvantage; this way takes around 25 days for one cargo to reach there.

Table 387. Freight Costs from Turkey to the Altai states

Loading	Unloading	Method	Freight Cost
Istanbul	Baku, Azerbaijan	Truck	$3,600
Istanbul	Ashgabat, Turkmenistan	Truck	$6,500
Istanbul	Astana, Kazakhstan	Truck	$11,600
Istanbul	Bishkek, Kyrgyzstan	Truck	$11,600
Istanbul	Tashkent, Uzbekistan	Truck	$9,100
Istanbul	Busan, South Korea	40"Container	$1,345

Note. Data retrieved from Emtek Logistics (2011)

Table 388. City Distances (Km.)

Departure	Arrival	Distance
Istanbul	Baku, Azerbaijan	1,760
Istanbul	Ashgabat, Turkmenistan	2,537
Istanbul	Astana, Kazakhstan	3,416
Istanbul	Bishkek, Kyrgyzstan	3,736
Istanbul	Tashkent, Uzbekistan	3,344
Istanbul	Busan, South Korea	7,962

Note. Data retrieved from City Distances (2011)

By sea transport, exports to Europe are even lower costed, but faster methods are important as well. Trucks reach Europe in a few days and trade gets much easier. Russia is closer to those states and has also chance to export by railways. Another problem is that Turkish railways are different than those states; therefore, it is needed to change the cargo in Iran and reload it to another train. These procedures are also time consuming and high priced. Same problems are happening while Korea is working with the Altai states. So, we would like to suggest a new project called "Altai Rail" combined with "Ötüken", "Orkhon", and "Yenisei" new city projects.

Figure 1. Altai Rail Project, Turkey Part

The first part of the project begins by building super railways working with electricity and reaching up to 400-450 km. per hour. At the same time, two world trade cities are built neighboring the sea. One in the north near Samsun, called Ötüken city (name of the historical Sky Turk state's capital), boosting up Central and North Anatolia; and the other one in south between Adana and Iskenderun cities, called Orkhon city (name of the place where old Sky Turk inscriptions are located),

improving the economy of South, South-East and Central Anatolia. Before getting into railway project, let's provide more information about those two new cities.

Ötüken city, located between Samsun and Ordu cities, is neighboring the Black Sea and is about 450 km. away from Ankara. The city is a combination of business areas, health centers, tourist attractions, educational facilities and technology centers. While protecting the environment, Ötüken port would become an important point directing the world trade.

Ötüken Free Zone is an encouraging area for investor looking for expanding their markets with Central Asia, Middle East and Black Sea region. Western companies can enjoy the advantage of exporting to the Altai states and many other states without facing any tariffs by using Altai Rail.

Foreign investors in Ötüken City are not going to pay any income taxes, stoppages and other taxes if 75 % of their employees are from the Altai states for the first 5 years. If this rate is between 50-75 %, they are going to pay 25 % of those taxes. Foreign investor companies will also have the advantage of not paying social security contributions for their workers for a time period depending on investment level. If the investment is more than a billion US$, this period is 5 years. If between 500 million-1 billion US$, it will be 3 years and 2 years if lower than 500 million US$.

For other the Altai states' citizens, those advantages are double. No taxes for first 10 years, no social security payments for 10 years, 6 years and 4 years depending on the same investment levels.

Investors, both foreign and Altai, in Ötüken will also have the advantage of paying 50 % of their electricity, water and natural gas bills for 10 years. Within this, for investments higher than a billion US$, companies would have the advantage of 30 % discount in Altai Rail for 5 years, 20 % if higher than 500 million US$ and 10 % if lower than 500 million US$.

Ötüken city is also connected to Ankara, Istanbul, Izmir and Orkhon cities by super railways; therefore reaching raw materials gets much easier. Within this, in Free Zones, companies do not have to pay import tax, so they can lower costs of their exports.

The city also boosts exports of many Turkish products especially located in Black Sea region (hazelnuts, tea, fishes, various metals etc.). Within this, Ötüken is a place of tourism with various winter and autumn hotels, landscape projects and tourist attractions including sportive activities and competitions. Tourists can visit the beautiful sea side and stay in numerous hotels. Within this, tourist attractions include Altai Memorial Statues where important figures of Turkish history are represented with giant statues; Sky Turk Park where tourists can enjoy the real atmosphere of Central Asia of the 7th century by wrestling, archery, horse riding, etc.; *Otağ* where tourists can eat real Anatolian, Central Asian and Korean food in old Turkish tents. Finally, in addition to the huge shopping malls where international brands are located, Korean War Memorial Area is going to be built, with a joint museum presenting the Korean culture as a symbol of Turk-Korean fellowship. The city contains two airports in the west and in the east, called Bilge Kağan International Airport and Tonyukuk Airport.

Ötüken is also going to be a health care center with highly advanced technology using hospitals and facilities, where doctors from around the world will work with high wages. Within this, many international universities like Harvard, Oxford and Sorbonne are going to have branches in Ötüken for specific departments. Students with higher degrees are going to be allocated there without paying any fees for dormitories.

The Orkhon city, located in the south of Turkey and neighboring Mediterranean Sea, is a new trade center where the same investment rules and laws apply as in Ötüken. The city has two airports called, Metehan International Airport and Attila the Hun Airport.

In addition to production facilities and construction projects, the city is a technology center where many computer or other electronic devices are manufactured. It also contains the production facilities of all kinds of military equipments for United Altai Armies.

The city's climate is perfect for summer and spring vacations as an alternative to Antalya and Bodrum areas. City's olympic facilities are going to host Summer Games and include modern prayer areas for four religions. The Sky Mosque with a modern shape, Gagauz Cathedral (name of the Christian Turk community living in Moldova), Karai Synagogue (name of Jewish Turk community) and Korean Buddha Temple. Those places are worth visiting, giant structures.

Finally, the city owns an artificial mountain called "*Tengri Tagh"*, which means Mountain of God in the old Turkic language. This mountain is scalable or visited by cable car. On the top, there are wonderful facilities for adults and children,

similar to Disneyland. There are also the symbolic tombs of Turkish historical heroes as in the past; they were believed to fly to that mountain after death.

Figure 2. Yenisei City

The third city, Yenisei, takes its name from Central Asian historical river. The black line on the map indicates Altai Railway Path. From Baku, to Yenisei, the Altai Rail crosses the Caspian Sea. The city will be a main transition area both for imports and exports from/to Europe, Middle East and Turkey.

Yenisei City is also going to be a touristic area with many hotels, holiday villages and facilities. The city is going to include a huge Food Court in separate partitions. It will include cultural areas for all Turkish communities like Uyghurs, Tuvans, Tatars, Khakhasians, Chuvashes, Bashkorts, Yakuts, Altais, and Ahiskas etc.

Yenisei City owns an international exhibition area for Altai export products, as well as an Altai Movie Center where international movies are going to be made and exported to the world.

Finally, city is going to have two airports called Kürşad International Airport (historical hero of Sky Turk state), and Kül Tigin Airport.

Figure 3 describes the route of Altai rail.

Figure 3. Altai Rail Route

Altai Rail's main station is Ötüken city but it is also connected to Istanbul, Ankara, Izmir, Bursa and Orkhon stations as it was shown on previous maps. Altai rail departing from Ötüken passes through Tbilisi, Georgia; Baku, Azerbaijan; Yenisei city and Ashgabat, Turkmenistan, then moves to Bukhara, Samarkand and Tashkent, Uzbekistan; passes by Bishkek, Kyrgyzstan and reaching Almaty, Kazakhstan. An additional line goes from Almaty to Karaganda and Astana.

Different variations are going to be available for the transports of goods and passengers in super trains using Korean technology reaching 450 km. speeds per hour. Altai rail is not going to be based on oil; it will operate with electric energy.

Unfortunately, it is not possible to extend it to Korea at that moment because of China and North Korea.

Table 389. Estimated Distances and Times for Altai Rail Line 1 (Km.)

Line 1 Longest (10 + 1 Stops)				
Departure	Arrival	Distance	Minutes	Hour
Istanbul	Ötüken	650	111	1.86
Ötüken	Tbilisi	700	120	2.00
Tbilisi	Baku	450	77	1.29
Baku	Yenisei	400	69	1.14
Yenisei	Ashgabat	400	69	1.14
Ashgabat	Bukhara	760	130	2.17
Bukhara	Samarkand	220	38	0.63
Samarkand	Tashkent	270	46	0.77
Tashkent	Bishkek	475	81	1.36
Bishkek	Almaty	200	34	0.57
Total			776	12.93
Almaty	Astana	970	166	2.77
Extended Total			942	15.70

Line 1 is the longest one starting with Istanbul and going to Almaty and Astana stopping by Ötüken, Tbilisi, Baku, Yenisei, Ashgabat, Bukhara, Samarkand, Tashkent and Bishkek. This project would also be magnificent for Georgia who signed many FTAs with the Altai states.

At each stop, cargoes must be ready to load 10 minutes before the arrival of the train. As soon as the train stops, in 10 minutes all goods must be loaded into the train with an automated system. At the same time, the automated system is going to unload cargoes reaching their destinations.

Train’s speed should reach 400-450 km. per hour but considering acceleration, deceleration, loading and unloading periods, we have calculated it as 350 km. per hour. Thus, goods departing from Istanbul can reach Almaty in only 13 hours.

This line’s train departs every hour and it works 24 hours a day and 7 days a week. Unloading and loading method should be very carefully analyzed and designed. Double-decked super train transporting containers and passengers is suggested.

The figure below should give a general idea about how it works.

Figure 4. Altai Rail

The train’s second deck is used for passenger transports (comparison with plane costs will be given later). The second deck is able to carry 2,000 people at the same time, thus as there will be a train departing every half an hour, 96,000 passengers would be carried per day.

The first and main deck is used for transport of goods. Each slot contains containers of 26 tonnes perfectly installed inside by machines and kept fixed against swinging.

For loading and unloading faster and correctly, in every stop there are automated machines reading barcodes of the containers. On the right side of each station, there are unloading machines. If there are 25 slots in each train, there would be also 25 slots at each station. Those slots include machines which read barcodes

and unload the containers if it reaches its destination. For the places remaining empty, a sliding bar passes in front of each slot at the left side of the train and loads the goods to empty areas in the train. All container loadings must be booked a few days before the train departure.

Passengers will get on or off the train from the top side of the station and will not interact with goods transport area. All these processes will be run and controlled by Altai Electronic Customs Authority (AECA).

The capacity of each train is a 25 containers load which makes around 650 tonnes in total.

Table 390. Estimated Distances and Times for Altai Rail Line 2 (Km.)

Line 2 Direct (4 Stops)				
Departure	Arrival	Distance	Minutes	Hour
Ötüken	Yenisei	1550	266	4.43
Yenisei	Tashkent	1650	283	4.71
Tashkent	Bishkek	475	81	1.36
Bishkek	Almaty	200	34	0.57
Total			664	11.07

Line 2 departs every half of an hour and takes 11 hours to reach Almaty from Ötüken. Lines can be multiplied depending on needs and volumes. All lines are round trips, both sided. There are also possibilities of inner transport lines.

Table 391. Estimated Distances and Times for Altai Rail Line 3 (Km.)

Inner Line 1				
Departure	Arrival	Distance	Minutes	Hour
Izmir	Istanbul	565	97	1.61
Istanbul	Ankara	450	77	1.29
Ankara	Ötüken	450	77	1.29
Total			251	4.19

Table 392. Estimated Distances and Times for Altai Rail Line 4 (Km.)

Inner Line 2				
Departure	Arrival	Distance	Minutes	Hour
Istanbul	Ötüken	900	154	2.57

Table 393. Estimated Distances and Times for Altai Rail Line 5 (Km.)

Inner Line 3				
Departure	Arrival	Distance	Minutes	Hour
Orkhon	Ötüken	750	129	2.14

It is possible to go from Izmir, Ankara, Istanbul, and Orkhon to Ötüken city with trains departing every hour.

It takes only 154 minutes to go from Istanbul to Ötüken, 129 minutes from Orkhon to Ötüken, 77 minutes from Ankara to Ötüken, 77 minutes from Istanbul to Ankara, 97 minutes from Izmir to Istanbul and 251 minutes from Izmir to Ötüken.

Regarding, train tickets and fares, Table 393 present the current plane ticket fares from Istanbul to other Altai cities.

Table 394. Plane Ticket Fares from Istanbul to Other Altai Cities (Round Trips)

Departure	Arrival	Airlines	Ticket Fare
Istanbul	Baku	AZ Air	€ 254.67
Istanbul	Ashgabat	THY	€ 334.18
Istanbul	Almaty	Air Astana	€ 433.04
Istanbul	Bishkek	Aeroflot	€ 415.98
Istanbul	Tashkent	THY	€ 471.67
Istanbul	Seoul	Emirates	€ 676.57
Istanbul	Ankara	THY Promotion	€ 26,22
Istanbul	Izmir	THY Promotion	€ 26,22
Istanbul	Samsun (close to Ötüken)	THY Promotion	€ 52,88
Istanbul	Adana (close to Orkhon)	THY Promotion	€ 35,11

Note. Data retrieved from Tatil.com (2011)

Cheapest flights are taken into account and it is seen that domestic flights are reasonable if promotions can be caught. But flying to other the Altai states is highly expensive and varies from 254 to 676 Euro. Within this, flights are not frequent enough; some of them fly two times per week, and some, one per day. We have estimated some ticket fares for passenger transports of Altai Rail.

Table 395. Train Ticket Fares from Istanbul to Other Altai Cities (Round Trips)

Departure	Arrival	Duration (Minutes)	Ticket Fare
Istanbul	Tbilisi	309	€ 22
Istanbul	Baku	231	€ 25
Istanbul	Yenisei	377	€ 29
Istanbul	Ashgabat	446	€ 33
Istanbul	Bukhara	576	€ 40
Istanbul	Samarkand	614	€ 40
Istanbul	Tashkent	660	€ 40
Istanbul	Bishkek	741	€ 42
Istanbul	Almaty	776	€ 47
Istanbul	Astana	776	€ 52
Istanbul	Ankara	77	€ 9
Istanbul	Izmir	97	€ 9
Istanbul	Ötüken	154	€ 7
Istanbul	Orkhon	240	€ 9

Values were given in Euro, as travel agency's quote was in Euro as well. These values are targets of our projects. Trade volumes, touristic visits and business travels should highly increase considering those prices. There are special promotions for the three new cities, Orkhon, Ötüken and Yenisei. And finally, let's determine new freight costs with Altai Rail (truck and container values were given before).

Table 396. Transportation Costs from Istanbul to Other Altai Cities (Round Trips)

Departure	Arrival	Duration (Minutes)	Freight / Container
Istanbul	Baku	309	€ 250
Istanbul	Tbilisi	231	€ 220
Istanbul	Yenisei	377	€ 290
Istanbul	Ashgabat	446	€ 330
Istanbul	Bukhara	576	€ 400
Istanbul	Samarkand	614	€ 400
Istanbul	Tashkent	660	€ 400
Istanbul	Bishkek	741	€ 420
Istanbul	Almaty	776	€ 470
Istanbul	Astana	776	€ 520
Istanbul	Ötüken	154	€ 30
Istanbul	Orkhon	240	€ 50

Assuming that train departing at 09:00 from Istanbul is full with 2,000 passengers and 25 containers. There are 10 stops excluding Astana and including Ötüken. And at every stop 200 passengers get off while no passengers get on in any other stations which are impossible in fact, but we try to create a balance regarding trains which won't be full any time of the day. Thus, only from passenger transport, that train is going to earn 140,600 Euro / Shift which can reach up to 6 million Euro per day with 48 shifts.

The average freight cost of 10 destinations is 321 Euro; therefore the train is expected to earn about 8,000 Euro / Shift and 385,200 Euro / day. This train is

expected to be full all the time, and there are also cargoes to be loaded from other destinations.

Altai Rail Project is the most important part of Altai Economic Integration by all means. Regarding these distances and transportation costs, in the next chapter, an empirical study will be made using a the gravity model. The effects of various factors are going to be analyzed and commented on.

CHAPTER 9

TURKEY'S TRADE POTENTIAL: AN EMPIRICAL APPROACH

In this chapter, Turkey's trade potential is investigated by utilizing the the gravity model on the Altai states in order to determine the effects of some factors on bilateral trade volumes. The gravity model methodology is explained at the first section of this chapter, followed by model, results and discussion.

The gravity model

The gravity model was first introduced by Tinbergen (1962) and Linnemann (1966) nearly fifty years ago. Although it has received various criticisms, after 1990, its modifications were employed by many authors for European Union (the EU), the EU expansion and East Asian developing economies.

According to the model, welfare of the origin and destination countries is one of the important factors. Therefore, we need to include GDP which signifies the market size and population which gives us GDP per capita. Does trade really increase depending on GDPs of the origin and destination countries?

Evenett and Keller (1998) analyzed trade volumes comparing both sides' incomes but didn't take trade resistance's connection with trade volume or demand side's role into account. This demand side's role points out the Linder hypothesis, which indicates the differences in taste regarding local requirements and product modification according to the destination country.

Krugman (1991) stressed mostly that geographical distance is another factor affecting bilateral trade. Asilis and Rivera-Batiz (1994) who developed a theory based on geographical distance were also supported by Bougheas, Demetriades and Morgenroth (1999). Shin and Lee (2006), made some empirical studies on that matter regarding the geographical distance between members and whether a land border is shared or not, but mainly worked on trade creation and diversion effects by filling the gap of empirical studies on natural trading partners hypothesis raised by Wonnacott and Lutz (1989). Therefore, a common language was added to the model, and countries speaking the same languages were counted as natural trading partners.

Studies of Shin and Lee gave us the result that natural trading partners are more likely to be trade creating and if a regional trade agreement is signed between these states, trade would significantly increase, while trade diversion from non-member countries is being less which indicates an increase in welfare.

Porojan (2001) studies the decisive roles of income and location which would lead the trading countries to create transport-cost reducing infrastructures, which would also bring trading opportunities to those countries' neighbors as well. Our work's intersection with Porojan becomes our Altai Rail Project. Grossman (1998) also argued that the negative effect of distance on bilateral trade but questioned its size.

This distance matter was studied also by Hamilton and Winters (1992) and Polak (1996) calling for a more differentiated measure of distance, therefore ordinary least squares (OLS) were calculated according to the average of the distances weighted by partner's income by Frankel and Wei (1998).

Data and Methodology

The data is mostly retrieved from International Trade Center (ITC) and Index Mundi which combines the data of World Bank and IMF. The panel data covers seven states over the period from 2005 to 2009. The time period is determined according to the availability of data as well as the increasing trend in international trade among these countries. The highest trade volumes were recorded after 2005.

In this study, the gravity model is represented by a triple-indexed model form as it is stated in the study of Matyas (1997). The gravity model generally explains a movement from one main area to another destination considering distances and some significant effects interacting with each other as a whole. It is an empirical model in log-linear form. In short:

$$Mo_{ij} = Ma_i\, D_j\, S_{ij} \qquad , i = 1,....,I\ ;\ j = 1,\ ....,J. \tag{1}$$

The name comes from the law of universal gravity, stressing that closer bodies' attraction is larger. So, in international trade, lower cost of transportation or shorter distances create more trade (Porojan, 2001). In log form, considering import, export and total trade volumes, Mo_{ij} can be modeled as:

$$Mo_{ij} = X\,\beta + \varepsilon\ ,\ \varepsilon \sim N\,(0,\ \sigma^2), \tag{2}$$

Here X is the vector of explanatory variables, while ε is used for a white-noise error term (Porojan, 2001). The model is adjusted as follows:

$$\ln X_{ijt} = \alpha_i + \beta_1 \ln Y_{it} + \beta_2 \ln Y_{jt} + \ \ldots. + u_{ijt} \tag{3}$$

where i represents main country and j represents target country at time t.

According to Matyas' research, in this equation, α_i is the local country effect and u_{ijt} is a white noise disturbance term.

Three versions of the model are adjusted in the context of exports, imports and total trade volume as dependent variables.

Version I:

$$\ln X_{ijt} = \alpha_i + \beta_1 \ln GDP_{it} + \beta_2 \ln GDP_{jt} + \beta_3 \ln POP_{it} + \beta_4 \ln POP_{jt} + \beta_5 \ln DIST_{ijt} \textit{ (or } \beta_5 \ln TC_{ijt}\textit{)} + \beta_6 \ln LANG_{ijt} + u_{ijt} \quad (4)$$

Version II:

$$\ln M_{ijt} = \alpha_i + \beta_1 \ln GDP_{it} + \beta_2 \ln GDP_{jt} + \beta_3 \ln POP_{it} + \beta_4 \ln POP_{jt} + \beta_5 \ln DIST_{ijt} \textit{ (or } \beta_5 \ln TC_{ijt}\textit{)} + \beta_6 \ln LANG_{ijt} + u_{ijt} \quad (5)$$

Version III:

$$\ln TV_{ijt} = \alpha_i + \beta_1 \ln GDP_{it} + \beta_2 \ln GDP_{jt} + \beta_3 \ln POP_{it} + \beta_4 \ln POP_{jt} + \beta_5 \ln DIST_{ijt} \textit{ (or } \beta_5 \ln TC_{ijt}\textit{)} + \beta_6 \ln LANG_{ijt} + u_{ijt} \quad (6)$$

The dependent variables are defined as export (X_{ij}), import (M_{ij}) and trade volume (TV_{ij}). Parameters of the model are summarized in Table 396.

Table 397. Determinants of Bilateral Trade in the Altai states

Proxy Variables for X ij / M ij / TV ij	Definition	Source	Effect
Market size of the main country (GDP_i)	GDP (PPP)	Index Mundi	+
Market size of the target country (GDP_j)	GDP (PPP)	Index Mundi	+
Population of the main country (POP_i)	Total population	Index Mundi	+ / -
Population of the target country (POP_j)	Total population	Index Mundi	+
Distance from the main country to the target country ($DIST_{ij}$)	Distance in kilometers	City Distances	-
Transportation cost from the main country to the target country (TC_{ij})	Freight costs for sea and land transports	Emtek Logistics	-
Language of the target country compared to main country ($LANG_{ij}$)	Common language dummy		+

In the context of the gravity model, trade volume is determined by the size of the economy, distance and common language. Within this structure, parameters of GDP (purchasing power parity basis) and population size is used for economic size. The impact of GDP is expected to be positive. Higher GDP in main country leads to higher trade volumes. Similarly, the expected sign of the GDP coefficient is also positive in target country. Higher GDP of the target country means higher import or export capacity. It is easier to export goods to a country with high GDP which means high purchasing power. During this research, Turkey is considered as the main country. The impact of population in the main country on trade volume is ambiguous. If the population is high, local consumption can exceed the production capacity and there may not be enough production left for exports, so a negative effect can be encountered. But it may also increase imports because of the demand for variety. On the other hand, a higher population can increase business capacity or may lead to a lower labor cost like in China, resulting in positive effects. The higher population of the target country can lead to a better trade volume, as there will be more demand for main country's products.

Geographical distances are the major barrier in international trade. The higher distance leads to a lower volume of trade. Therefore, the impact of distance is negative. Unlike the previous studies on the gravity model, transportation costs from Turkey to other the Altai states are also considered as an alternative determinant on trade volume. Actually, South Korea can be the furthest partner of Turkey in the Altai Union considering her geographical location but sea transportation is much less costly than land transportation as it is stated before. As it is proposed in the Altai Rail Project, closer locations in AFTA compared to Korea will have lower transportation costs as well.

Finally, the trade volume is expected to be higher when there is a common language between two trading partners. A positive effect on trade is expected as both sides can communicate much easier. In fact, Kazakh and Kyrgyz languages are not easily comprehensible for a non-expert Turkish citizen. The Uzbek language is closer to Anatolian Turkish language but in all those three states, Russian language is spoken more than the local languages, therefore we have not accepted those three languages as common language. Russian language is also widely spoken in Azerbaijan and Turkmenistan, but those states' local languages are much closer to Anatolian Turkish, therefore we have counted them as common languages.

Discussion of Empirical Findings

The empirical results of three versions of the model are presented in Table 397 and Table 398. In the first step of the analysis, South Korea is included in the sample set whereas it is excluded in the second step. The aim of excluding South Korea is to test the sensitivity of the model with respect to proxies of geographical distance and transportation cost. In Table 397, the total distance in kilometers from the main

country to target country is used as a proxy for geographical distance in Model A. Transportation cost is used in Model B.

Table 398. Ordinary Least Square Results for the Pooled Sample including Korea

Dependant variable	Export		Import		Trade Volume	
	Model A	Model B	Model A	Model B	Model A	Model B
Constant	-16.886	-47.903	20.966	31.022	8.649	1.840
	(-0.688)	(-0,748)	(0.525)	(1.020)	(0.411)	(0.066)
$lnGDP_i$	2.963***	3.113	3.227**	2.472**	2.899***	2.798***
	(4.048)	(1.604)	(2.709)	(2.683)	(4.623)	(3.310)
$lnGDP_j$	0.761***	0.549**	0.993***	1.327***	0.905***	0.909***
	(9.691)	(2.074)	(7.767)	(10.554)	(13.451)	(7.877)
$lnPOP_i$	0.686	0.884	-3.351	-4.318**	-1.847	-1.975
	(0.451)	(0.221)	(-1.352)	(-2.276)	(-1.415)	(-1.134)
$lnPOP_j$	-0.786***	-0.513	0.257	0.201	-0.286**	-0.220
	(-5.413)	(-1.362)	(1.087)	(1.125)	(-2.300)	(-1.339)
lnDIST	-2.301***	-	-0.848**	-	-0.807***	-
	(-12.068)		(-2.736)		(-4.942)	
lnTC	-	0.471	-	0.897***	-	0.302*
		(1.361)		(5.455)		(2.003)
LANG	-0.778***	0.856**	0.329	1.067***	0.066	0.665***
	(-4.224)	(2.441)	(1.098)	(6.407)	(0.421)	(4.353)
R^2	0.93	0.54	0.94	0.97	0.97	0.95
Adjusted. R^2	0.92	0.42	0.93	0.96	0.96	0.93
F [.,.]	[6,23]	[6,23]	[6,23]	[6,23]	[6,23]	[6,23]
	52.77	4.51	68.77	121.80	120.94	67.24

Notes: All variables are in natural logarithms.
Parameters are statistically different from zero at the 1, 5 and 10% confidence level in a two-tailed t test.
t-statistics and ***, **, and * denote significance levels, respectively.

The OLS results indicate that GDP of the main country directly affects the export, import and trade volume at 1% confidence level. GDP of the target country also affects exports, imports and trade volume significantly. Trade volume increases as the target country gets wealthier. The impact of GDP in both trade partners has an important impact on international trade volume as it is expected.

The impact of main country's population on international trade volume is ambiguous. The impact on exports is positive but is insignificant, however it is negative for import and trade volume. As population size increases, domestic consumption also rises. This may have a negative impact on trade volume with the

Altai states. The most surprising result apperas in target country's population as opposed to expectations. The impact of population size in target country is negative on export and trade volume. The result could be natural outcome of smaller population sizes of target countries compared to Turkey. The total population of Central Asia States is approximately 61 million. Uzbekistan whose population is five times higher than Kyrgyzstan and Turkmenistan, had an import volume of 337 million US$ only from Turkey, while Turkmenistan's was double (662 million US$). Azerbaijan, whose population is three times lower than Kazakhstan, had a double import volume from Turkey compared to Kazakhstan. Finally, Korea with the highest population after Turkey, had an import volume of 271 million US$ only which is slightly higher than the smallest Kyrgyzstan with 191 million US$.

Regarding distances in Model A, as expected, the results had been totally negative for exports, imports and trade volumes with very high significance levels (1% level). The impact of distance on imports is significant at 5% level. Even though, S. Korea is the furthest, Turkey's import volume from South Korea is the highest compared to other the Altai states. In Model B, freight cost is taken into account instead of distance in kilometers. It is worth to remember that transportation cost is lower to Korea than Central Asia because sea transportation is much cheaper. However, lower transportation did not affect Turkey's exports, because volumes to S. Korea are very low compared to Kazakhstan to whom the transportation cost is about 9-10 times higher compared to S. Korea. But it has affected imports and total trade volumes, thanks to S. Korea who used that opportunity while exporting to Turkey.

The empirical results of Model B reveal similar findings with respect to all independent variable signs except the dummy variable for language. The impact of

common language has a positive impact on international trade which is parallel to the findings in the literature. The only exception is the impact on exports in Model A. It is important to remember that the Russian language is very dominant in Central Asia States. Despite this fact, the Turkish language becomes an advantage in trade with the Altai states. Azerbaijan speaks the same language as Turkey and has the lowest transportation cost after Korea. The trade volumes with Turkmenistan speaking the same language with Turkey were not low either.

Korea is excluded in the sample set to see the impact of two proxies as geographical distance (Table 399).

Table 399. Ordinary Least Square Results for the Pooled Sample excluding Korea

Dependant variable	Export		Import		Trade Volume	
	Model A	Model B	Model A	Model B	Model A	Model B
Constant	-15.147	-34.626	-2.232	25.314	-8.145	-9.031
	(-0.588)	(-1.350)	(-0.082)	(0.918)	(-0.403)	(-0.446)
$lnGDP_i$	2.852***	3.158***	3.366***	2.944***	3.221***	3.237***
	(3.706)	(4.066)	(4.159)	(3.523)	(5.328)	(5.280)
$lnGDP_j$	0.840***	0.726***	1.213***	1.369***	0.959***	0.953***
	(10.113)	(7.402)	(13.895)	(12.973)	(14.713)	(12.310)
$lnPOP_i$	0.153	0.529	-3.705**	-4.223**	-1.577	-1.556
	(0.096)	(0.331)	(-2.202)	(-2.453)	(-1.255)	(-1.232)
$lnPOP_j$	-0.734***	-0.575***	0.417***	0.191	-0.237**	-0.230**
	(-5.208)	(-4.170)	(2.810)	(1.287)	(-2.140)	(-2.112)
lnDIST	-1.349***	-	1.939***	-	-0.053	-
	(-2.892)		(3.952)		(-0.147)	
lnTC	-	-0.431***	-	0.600***	-	-0.022
		(-2.939)		(3.804)		(-0.189)
LANG	-0.266	0.370**	1.836***	0.915***	0.476**	0.501***
	(-0.914)	(2.759)	(5.998)	(6.340)	(2.085)	(4.724)
R^2	0.94	0.94	0.97	0.97	0.97	0.97
Adjusted. R^2	0.92	0.92	0.96	0.96	0.96	0.96
F [.,.]	[6,18]	[6,18]	[6,18]	[6,18]	[6,18]	[6,18]
	48.26	48.79	110.58	106.70	101.20	101.28

Notes: All variables are in natural logarithms.
Parameters are statistically different from zero at the 1, 5 and 10% confidence level in a two-tailed t test.
t-statistics and ***, **, and * denote significance levels, respectively.

Similar empirical results are obtained in terms of signs and mostly significance levels when Korea is excluded from the sample set. Moreover, R2 remains almost at the

same level. GDP of the main country highly affects trade volumes for both imports and exports. The effects were positive as expected. The effect was much higher regarding the GDP of the target country. It's possible to say that Central Asian states with increasing GDPs every year, trade volumes with Turkey continue to increase rapidly. Both sides are getting wealthier and both markets are expanding. Increasing population of the main country does not affect her exports but creates a negative effect on her imports and trade volume. The main reason is that the industrialization of Central Asia has not been completed yet and these states have not been offering competitive products for the Turkish market. In contrast, the population of the target country has a negative effect on exports. This could be due to the low rate of imports with the highest population, Uzbekistan. When market liberalization is realized in Uzbekistan, these volumes are expected to change in a positive way.

As it is expected, distance has a negative impact on Turkey's exports towards Central Asia. But in return, even though distance is the highest to Kazakhstan, the import volume of Turkey takes the first place. This could be the reason why a negative result is obtained for imports but not for total volume.

Results also reveal similar findings on language. The impact of common language is negative but insignificant on exports. This indicates that a common language is not very important for Turkish exporters to operate in this region. The striking difference is that the coefficient of language in Model A becomes highly significant when Korea is excluded. In contrast, common language becomes significant for import and trade volumes for the Altai states and Turkey. This result states that exporters in Central Asia States are more dependent on common language. This could be result of late exposure of these States to the rest of the world; the

dominance of the Russian language and a lack of e-trade. Parallel to developments in information and communication technologies, potential trade partners are found through internet. However, Central Asian states are far behind in adapting and using these technologies in their daily lives and businesses.

The empirical results prove that the increase in Central Asia's GDP, the elimination of language barriers and a transportation cost reducing project backed up with a strong internet-based infrastructure will highly increase export volumes. Within this, countries with great potential are suffering low trade volumes due to their closeness for business opportunities. the Altai Union should reinforce trade liberalization in these countries.

In the next chapter, conclusion and recommendations to improve the welfare, will be given.

CHAPTER 10

CONCLUSION AND RECOMMENDATIONS

In 2008, only 3.03 % of Turkey's exports were made to other the Altai states including the giant Korea. Within this, share of imports from Turkey could only be 0.80 % between all imports. Those rates had been dramatically low because of various reasons which are not only economic. Therefore, recommendations for these problems should be constructive. These recommendations would not be enough by their owns and are needed to be considered all together.

- Tariffs must be eliminated.

The elimination of tariffs is expected to lead to trade creation with Turkey and trade diversion with China. With this, the tariff advantage of Russia would be over. Some Asian countries have a tariff advantage for the Korean market, as well. In return, Korean products would be able to compete with European products in the Turkish market. Another point is that, developed countries would invest in Turkey or in other the Altai states in order to use the advantage of exporting to the Altai Union without any tariffs.

- E-Trade should be increased

This century's trading method is e-trade. Many companies can easily find customers, partners, exporters or manufacturers through the internet via b2b web sites. The lack of internet usage is a terrible problem in Central Asia, especially in Turkmenistan. The Central Asian states do not even exist in virtual markets. All companies should

possess regularly updated web sites. Turkey can also create the technology infrastructure of these states.

- Russian language must be replaced by local languages.

Central Asian states should not speak Russian anymore in their daily lives, either. The Turkish language, which is very easy to learn for Central Asians should be thought in schools as a secondary language. Russian influence should be diminished systematically. When a better communication is set up between those states, trade would surely increase.

- Bilateral support and relations should be strengthened.

The Turkish flag opened by Azerbaijani singers in the Eurovision contest 2011 has recovered all relations of Azerbaijan with Turkey. Both countries' citizens are being a wonderful example of fellowship to the world. But in the international arena, all seven states should act in the same way. Creating a better relationship would surely increase the trade volumes.

- Turkey should understand that the higher GDP of Central Asia refers to higher imports from Turkey.

The GDPs of Central Asian are constantly increasing ever year which means that market size is growing. The idea of "let's get rich first, and then we can enrich our brothers later." doesn't work anymore. Joint products should be made with Central Asia to increase the wealth of both sides. But the advantage of this shift of GDPs should not be left into the hands of Russia, China and the USA.

- The Altai Rail Project must be realized.

All members should be able to export to each other with much lower transportation cost and population integration should be ensured with low cost train tickets. That Project should include the creation of three new cities.

- Joint tourism and culture projects must be encouraged.

All sides should clearly understand that they share the same culture, the same past and the same ancestors. Thus, they would understand that sharing business experiences especially in tourism would increase the GDP as well. Altai Vision song contest or Altai Sports Championships can also be organized.

- Visas must be removed; work permits must be given easily.

Some the Altai states apply visas to each other and even block work permits. All the Altai Union members should be able to visit each other without any problems. And worker allocation should be controlled by Altai Labor Allocation Control System (ALACS).

- A common electronic customs system must be established.

Corruptions and briberies are considerable problems of the all Altai states except S. Korea. Therefore, a common electronic system of customs with strict controls needs to be established.

- Steps of economic integration should be taken one by one.

The Altai states should be under the control of the Altai Union Authorities following steps for a full economic integration. The authorities should never be based only in Turkey, but must be equally distributed between the states.

- HS Buildings should be established.

A tall building should be established in each member who follows and controls every sector. In every floor of the building, there could be departments searching, improving, and helping for all 99 HS codes (2 codes by floor). These departments will cooperate with the Ministry of Trade and is going to keep the exact data base of trade volumes, exporters, importers, prices and are going to provide advices for every sector. Foreign investors should be able to get necessary information transparently. Every year selected sectors, should receive high rates of aid and assistance.

- Ease of doing business should be increased by all means.

Taxation, establishment of a company, investments, closing a business, registering property and other regulations should become much easier. An approved foreign investor should be able to establish a company in a few days.

- All transactions should become electronic.

Data bases of chambers of commerce, ministries of trade, customs authorities should become electronic. Importers and exporters should not be forced with paper work. Trade should be made electronically.

- A common b2b website must be established.

A business-to-business website, similar to Alibaba.com which is world-wide known, should be established with the support of Altai Ministry of Trade. Website should contain Altai companies' information, trade offers, selling and buying leads, facility photos, online contact possibilities, etc.

- Banking regulations and common banks must be established.

The banks of the Altai Union should have branches in other members and money transfers should be easy and uncomplicated. Within this, banks should be regulated with lessons from Turkey's and Korea's past crisis.

- Altai Central Bank should be considered.

A common Altai Central Bank should be considered with many branches and should strictly follow reformatory policies.

- A single currency must be considered.

From the first step of the economic integration, all plans should be made according to a future single currency which is going to be printed by Altai Central Bank.

- Turkey and Korea should prefer Central Asian oil and gas.

Oil and natural gas imports of Turkey and Korea should be concentrated in the Altai states. The Altai Union should not be dependent to foreigners, and should be sufficient for each other. Turkey should not prefer Russian oil instead of Central Asian.

- The Altai Union should look for new energy resources.

As oil and gas are going to depleted one day, Altai engineers should search for new technologies and resources for energy. Within this, cars working with electric energy should be encouraged instead of using oil.

- Research and development spendings must be increased.

The Altai states, except Korea, spend very low volumes on research and development. This should be constantly increased by the Altai Union authorities in each member.

- The efficient management of resources is very important.

The Altai Union's natural resources should not be exploited by foreigners, and should be efficiently used by the Altai states themselves.

As a result, customs union would never be sufficient for the Altai Union's goals. Steps taken considering the future would lead to a full economic integration, even to a complete federation.

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