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Can Turkish Jews Act as a Bridge in Israeli-Turkish Economic Relations?

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The normalization process recently witnessed under the leadership of Turkish President Recep Tayyip Erdoğan and Israeli President Yitzhak Herzog has accelerated the rapprochement between the two countries.

Since 2009, a diplomatic crisis had disrupted the development of relations between the two countries. However, their economic relations had exactly the opposite trajectory. If we put aside the effects of the global economic crises on the economies of the two countries over the past decade, it can be shown that trade relations continued to grow without being affected by political crises, and even broke previous records.

Turkish Jews have had a significant contribution to improved ties in the economic sphere. They were able to consult and mediate in ways that strengthened economic relations between the two countries. In today's task of being a bridge between the two countries, the biggest challenge that Turkish Jews face is undoubtedly the competitive atmosphere of the globalizing business world.

Setting the scene

Turkey, which officially recognized Israel in 1949, only one year after its foundation, was the first Muslim state to establish diplomatic and economic relations with Israel. Turkey's participation in the Western camp during the Cold War period and shaping its foreign policy in this direction was effective in establishing of relations between the two countries. Although Turkey's relations with the West emerged as a driving force, Turkey kept its relations with Israel at a minimum to gain support from Arab countries, especially at the UN. This was necessary due in particular to the West's pro-Greek stance regarding the Cyprus problem. However, Ankara's lukewarm stance towards Israel changed completely after the Madrid Peace Conference in 1991. After the conference, Israel and Turkey upgraded their diplomatic relations

to the ambassadorial level. A golden age in Israeli-Turkish relations, particularly in military and economic arenas, resulted from a series of bilateral agreements in this period.

The relations between the two countries have followed a steady path since 2002, when the Justice and Development Party came to power until Operation Cast Lead¹ was launched by Israel against Hamas in Gaza (December 2008). The Operation and the tension at the Davos Summit in December 2009 that took place immediately afterwards triggered a crisis period between Turkey and Israel that would last for years.² The following crises: the "Low Chair"³ and the "Mavi Marmara"⁴ in January 2010 caused an unprecedented collapse in the relations between the two countries.

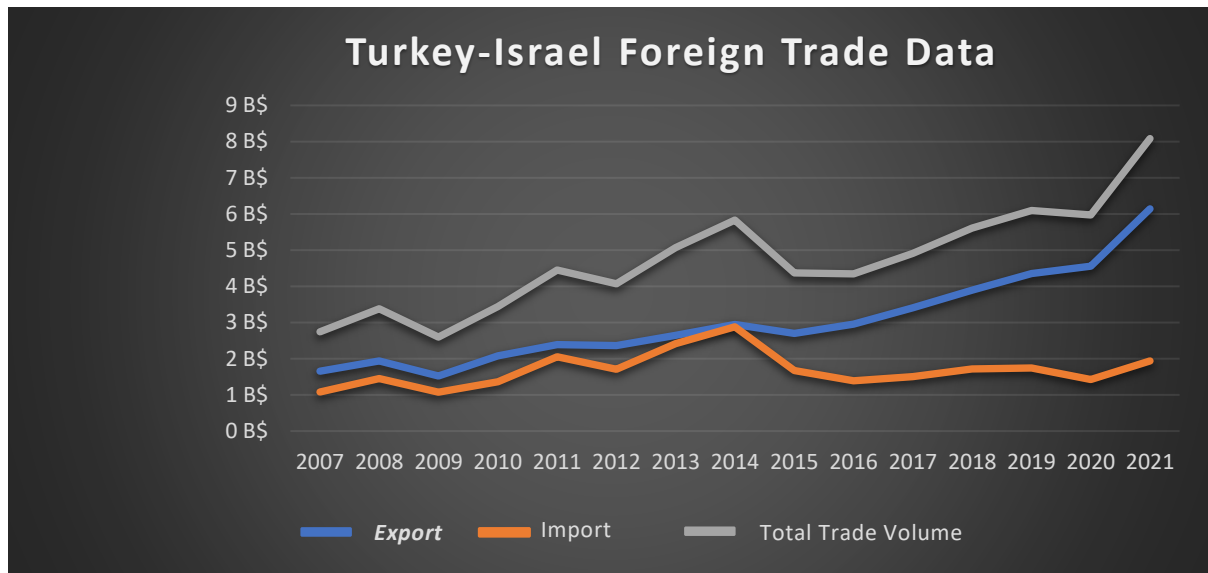
In 2013, Israeli Prime Minister Benjamin Netanyahu called on Erdoğan, who was the prime minister of Turkey at the time, to return to normalized relations. Netanyahu apologized for what happened in the Mavi Marmara incident and Israel agreed to pay compensation to those who lost their lives in the Mavi Marmara incident.⁵ As a matter of fact, normalization between the two countries was announced in 2016 with the press conferences that were held separately, with the prime ministers as the time, Binali Yıldırım and Netanyahu, not being in the same room. The failure of the leaders of the two countries meet in person during this process revealed the apathy behind this round of normalization.

The decision by the US to relocate the embassy to Jerusalem in 2017, and the subsequent events on the Israel-Gaza border line brought back tension. Diplomatic relations between the two countries were mutually reduced to the level of chargé d'affaires.⁶ The low point in relations between the two countries occurred with the "Mossad-MIT"⁷ crisis on October 21, 2021, and the arrest of two Israeli tourists on espionage charges⁸ on November 12, 2021. Nevertheless the dialogue that developed between Herzog and Erdoğan, especially after the release of Israeli tourists, and Herzog's visit to Turkey on March 9-10, 2022 helped lead to the normalization of relations between the two countries.⁹ In the process that followed this meeting, the two countries mutually decided to appoint an ambassador.¹⁰ The analysis of this turbulent period reveals that the economy is the only area untouched by the volatile relationship between the two countries.

Turkey-Israel Economic Relations

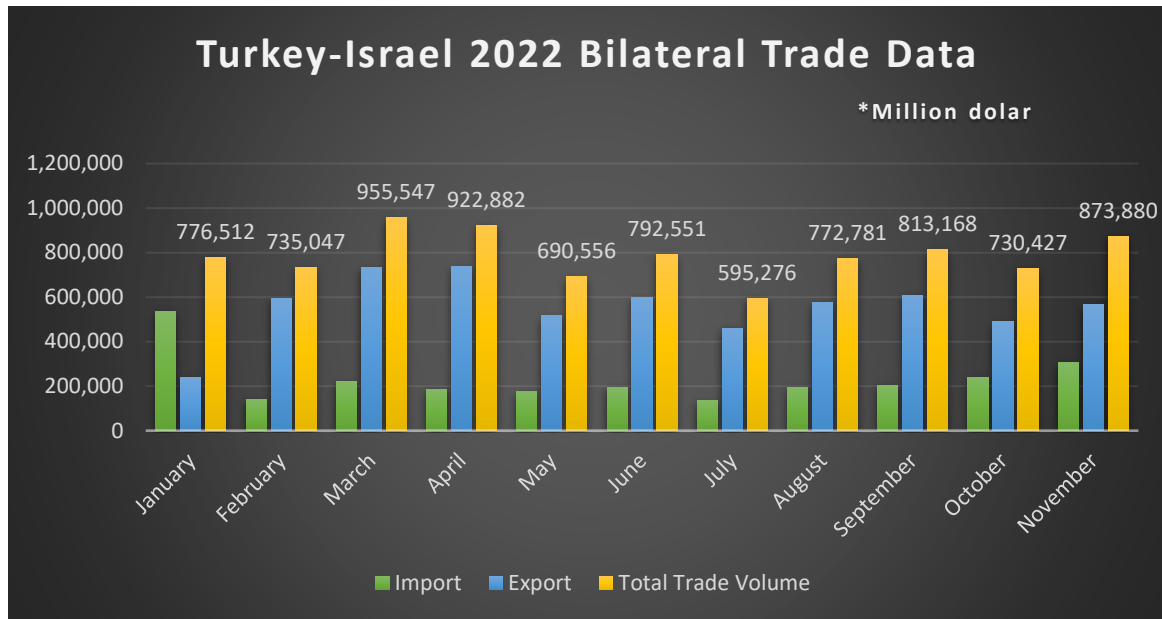
The relations between Turkey-Israel, which were founded amidst external threats and security discourses of the 1990s, have developed rapidly. The political reform processes in Turkey within the framework of the EU harmonization process in the 2000s played a decisive role in enabling civil society and the business world to take more initiatives. These processes also enabled the economic-centered foreign policies to prevail over the policies based on a security understanding between the two countries. In spite of the political crises between the two countries after 2010, economic relations have developed rapidly. Economic relations were not affected by the serious ongoing political crisis between the two countries. On the contrary it stood out as a sustainable field with its own dynamics and emerged as an important determinant of relations between Turkey and Israel.¹¹

Dr. Paul Rivlin, an economist who analyzes the economic relations between Turkey and Israel, proposes two economic models in this regard. Rivlin argues that in the first model, which he calls the Middle East model, commercial and economic development is usually dependent on politics. In the second model, which he calls the America-Europe model, he states that politics must obey the economy and that all kinds of obstacles standing in front of the economy are eliminated gradually.¹² Considering the bilateral foreign trade data and the framework drawn by Rivlin, Turkey-Israel relations are seen to be compatible with the "American-European model".



Source: “[Türkiye-İsrail Yıllara Göre Dış Ticaret Verileri](#)”, Turkish Statistical Institute (TÜİK), 2007-2021.

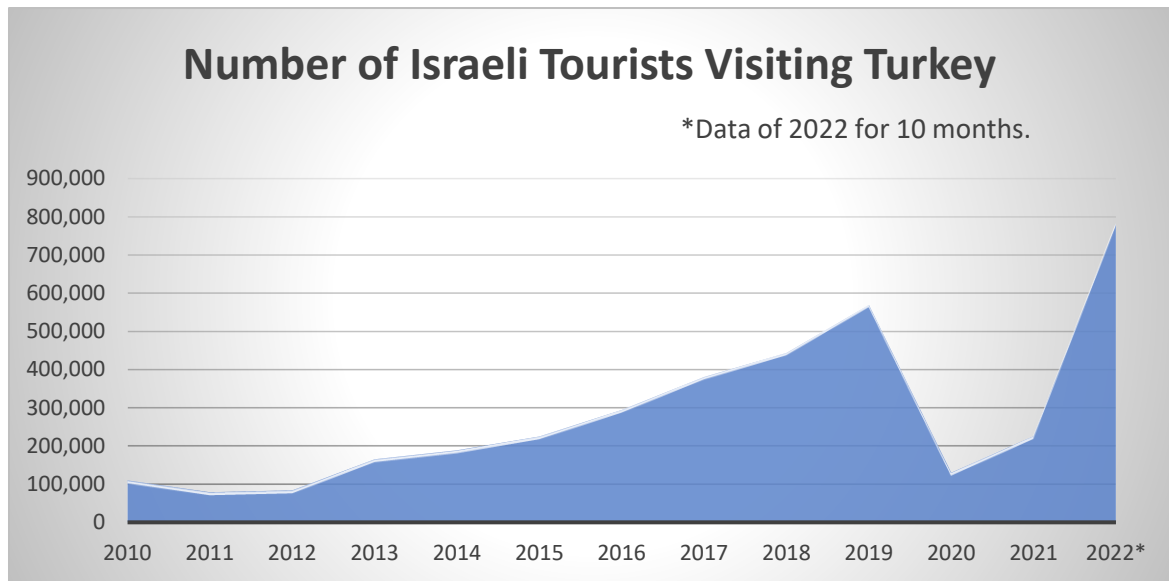
According to Turkish Statistical Institute (TUIK) data, the total trade volume between Turkey and Israel in 2021 was approximately \$8 Billion US. This figure was recorded as the highest trade volume in the history of the two countries. Roughly \$6.1 Billion of this volume was Turkey's exports to Israel, and \$1.9 Billion was Turkey's imports to Israel.¹³ Commercial activities between the two countries continued unabated in 2022. According to TUIK data, the trade volume between Turkey and Israel in the first 10 months of 2022 broke a new record with \$8.6 Billion. Indeed, \$6.4 Billion of this volume was Turkey's exports to Israel, and \$2.2 Billion was Turkey's imports¹⁴ from Israel.¹⁵



Source: “[Dış Ticaret İstatistikleri, Kasım 2022](#)”, Turkish Statistical Institute (TÜİK), December 30, 2022.

The top five sectors in which comprise the bulk of commercial activities between the two countries are iron and steel products, plastic products, mineral fuels and oils, machinery and mechanical devices, and organic chemical products, respectively.¹⁶ According to TUIK data for the year 2022, the total trade volume was around \$800 million per month on average. This is expected to increase to an annual volume of \$10 Billion by the end of the year. The data shows that the trade relations between the two countries have increased without being affected by the political crises that have occurred in recent years. It is noteworthy that during the period of the ruling Justice and Development Party, the volume of trade between Turkey and Israel increased 475 times despite the aforementioned crises.¹⁷

The tourism sector has also experienced growth. In the first ten months of 2022, the total number of tourists from Israel to Turkey beat a past record with 780,732 people.¹⁸ Turkey is an economically preferable destination for Israeli citizens to visit due to the rise of health tourism between the two countries, and to the successful cooperation of the two countries recently against the increasing Iranian threat to Israeli citizens.¹⁹ In contrast tourism from Turkey to Israel has not reached the desired levels. In 2018, only 39,300 people from Turkey visited Israel. This number in 2019 have been 33,400, in the pandemic period (2020-2021) 7,600 and in the first 10 months of 2022, 21,800.²⁰ The most important reason for the difference in the number of tourists between the two countries is that Israel is a relatively expensive destination for Turkish tourists due to the current economic situation in Turkey. Moreover, the negative perception of Israel created by the political friction between the leaders of the two countries has been the last straw to break the camel's back.



Source: “[Türkiye’yi Ziyaret Eden İsraili Turist Sayısı – Ocak-Kasım 2022](#)” YİGM, November 2022.

The Role of Turkish Jews in Turkish-Israeli Economic Relations

In 1948, with the establishment of the State of Israel, a large number of the Jews living in Turkey emigrated from Turkey to Israel (making *aliyah*) in a mass movement.²¹ According to CBS data, around 70,000 Jews of Turkish descent lived in Israel in 2006.²² Today, this figure is estimated to exceed 100,000 Jews of Turkish origin living in Israel maintain their institutional existence under the umbrella of the Turkish Union in Israel.²³ According to the Jewish Agency, the number of Turkish Jews living in Turkey is 14,300 people.²⁴ Turkish Jews, who have a long-established history in Turkey, continue their corporate existence within the framework of the Chief Rabbinate Foundation of Turkey.²⁵ Turkish Jews have made many contributions to the development of Turkish-Israeli relations historically, particularly in the economic sphere.

Moris Reyna, Honorary Chairman of the Israel-Turkey Business Council ²⁶ and member of the board of directors, stated that there are approximately 500 companies in Israel doing business between Turkey and Israel, and 5-6 of these companies carry out large-scale commercial activities between the two countries. According to Reyna, the areas in which Turkish Jews conduct commercial activities between the two countries include construction, textiles, tourism, precious gemstones, and food industries.²⁷

David Abraham Zada, vice-chairman of the Israel-Turkey Business Council, stated that Turkish-Jewish companies trading between Turkey and Israel generally continue their commercial activities in the fields of food, textiles, plastic products, iron and steel, construction and construction materials, tourism and medical tourism. Considering the weight of these fields in bilateral trade relations, it would be appropriate to state that Turkish Jews serve as a bridge between the businesspeople of the two countries. The fact that Turkish Jews know the cultures of both countries and their ways of doing business contributes to the faster and smoother progress of business in many areas of business life. In this sense, the consultation and mediation activities of Turkish Jews, especially in Turkish-Israeli economic relations, stand out.²⁸

Rakel Darsa, another member of the Israel-Turkey Business Council board of directors, who has an important role in this bridge, stated that there has been a high demand from Israel to Turkey in terms of receiving health-related services such as hair transplantation, plastic surgery, and dental treatment.²⁹

DEİK Turkey-Israel Business Council chairman Sinan Ak also stated that the trade between the two countries is very important for the Turkish economy. He mentioned Israel being among the top 10 countries where Turkey exports the most. Ak underlined that Turkey's exports to Israel have amounted to approximately \$26 billion in the last 5 years. Considering Ak's statements, it can be predicted that the trade figure between the two countries will increase further if the product range provided by Turkey to Israel is improved.³⁰

Turkey-Israel Business Council vice-chairman, Avi Alkaş, emphasized that Turkey is an advantageous market for Israel due to its benefits such as proximity to Israel, low-cost transport, heavy air traffic, production of high-quality products, and cultural similarity. Alkaş stated that in addition to all these usual commercial items, there is a strong expectation for Turkey to import natural gas from Israel in the coming period. He expects the two countries' trade activities to increase dramatically in the near future. Alkaş added that this commitment in the economic arena is likely to be reflected in other areas, and that the relations between Turkey and Israel will develop in many ways.³¹

Despite this positive picture, Menashe Carmon, former chairman of the Israel-Turkey Business Council and member of the board of directors, stated that Turkish Jews have little influence in the commercial activities between Turkey and Israel, and that the commercial activities between the two countries took place mostly between large-scale Israeli and Turkish companies. Carmon stated that Turkish Jews could not play an important role in the commercial activities between the two countries due to the new circumstances of the globalized world. Accordingly, companies engaged in international trade conduct their activities in English rather than Hebrew or Turkish. Therefore, he argues that Israeli and Turkish companies do not have any particular need for Turkish Jews as mediators.³²

Conclusion

Economic activities, which have reached the level of interdependence in Turkish-Israeli relations, continue to grow unaffected by political crises. Despite skepticism, I believe that Turkish Jews who know the business life and culture of the both countries still can act as a catalyst in the fostering of economic activities between the two countries. By providing professional consultancy and brokerage services to companies in the field, they can contribute to deepening the economic relations between the two countries. Turkish Jews can also undertake some missions in the development of cultural and tourism activities between the two countries. However, to maintain these tasks, it is necessary to establish an institutional structure capable of engaging in professional lobbying activities - preferably - financially supported by the states. In addition, it is necessary for the Turkish Jewish community to adopt a more accessible and open social structure through the professionalization of community management and to duly respond to the requirements of the conditions of the globalizing world.

The opinions expressed in MDC publications are the authors' alone.

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Notes

- ¹ "Operation Cast Lead (2008)," *Ynet News*, December 29, 2008.
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- ³ "Türkiye'yle İsrail arasında koltuk krizi," *BBC News Türkçe*, January 12-13, 2010.
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- ⁶ "ABD'nin Kudüs kararı ve İsrail terörüne dünyadan tepkiler," *Anadolu Ajansı*, May 14, 2018.
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- ⁸ "İsraili çiftte 'siyasal ve askeri casusluk' suçundan tutuklama," *Anadolu Ajansı*, November 12, 2021.
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- ¹⁰ "Türkiye ve İsrail karşılıklı olarak büyükelçi atama kararı aldı," *Anadolu Ajansı*, August 18, 2022.
- ¹¹ Fatma Sariaslan, "Türkiye-İsrail İlişkilerinde Değişmeyen Dinamik: Ekonomi," *Ankara Üniversitesi SBF Dergisi*, No. 4 (74), 2019, p. 1067.
- ¹² Ofra Bengio, *Türkiye-İsrail: Hayalet İttifaktan Stratejik İşbirliğine* (İstanbul: Erguvan Yayınevi, İstanbul, 2009, p. 178).
- ¹³ "Dış Ticaret İstatistikleri, Aralık 2022," Turkish Statistical Institute (TÜİK), January 31, 2022.
- ¹⁴ "Dış Ticaret İstatistikleri, Kasım 2022," Turkish Statistical Institute (TÜİK), December 30, 2022.
- ¹⁵ According to CBS data, the total trade volume between Turkey and Israel in 2021 was 6.6 billion dollars. 4.7 billion dollars of this volume is Israel's imports and 1.9 billion dollars is Israel's exports. According to CBS data, the total trade volume between the two countries in the first ten months of 2022 was 7.3 billion dollars. \$5.2 billion of this volume, was Israel's imports and \$2 billion was Israel's exports. Officials of the Israeli Ministry of Commerce state that this difference in the trade data of the two countries is due to the differences in the calculation methods. For more detailed information: "Foreign Trade Statistics Monthly," Central Bureau of Statistics, December 29, 2022.
- ¹⁶ "Bilateral trade between Israel and Türkiye," Trade Map.
- ¹⁷ Burak Özdemir, "AKP iktidarında Türkiye ile İsrail arasındaki ticaret hacmi yüzde 475 arttı," *Kronos*, March 1, 2022.
- ¹⁸ "Turizm İstatistikleri," *YİGM*, November 2022.
- ¹⁹ "İran intikam timi silahlarıyla yakalandı," *Milliyet*, June 23, 2022.
- ²⁰ "Visitor Arrivals to Israel in 2022," Central Bureau of Statistics, January 8, 2023.
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- ²³ "The Turkish Union in Israel" website: <https://www.turkisrael.org.il/>.
- ²⁴ "Jewish Population Rises to 15.3 Million Worldwide, with Over 7 Million Residing in Israel," Jewish Agency, September 25, 2022.
- ²⁵ "The Chief Rabbinate Foundation of Turkey" website: <http://www.turkyahudileri.com/index.php/tr/>.
- ²⁶ "The Israel-Turkey Business Council" website: <https://www.itbc.org.il/>.
- ²⁷ Interview with Moris Reyna on November 22, 2022.
- ²⁸ Interview with David Abraham Zada on January 16, 2023.
- ²⁹ Interview with Rakel Darsa on January 8, 2023.
- ³⁰ Sinan Ak also stated that there are many companies in Turkey owned by Turkish Jews that trade between Israel and Turkey, and that these companies operate in sectors such as food, textiles, chemical products, consultancy, plastic and plastic products. Interview with Sinan Ak on January 16, 2023.
- ³¹ Interview with Avi Aktaş on January 16, 2023.
- ³² Interview with Menashe Carmon on January 9, 2023.