

URBAN AGE ISTANBUL CONFERENCE

NOVEMBER 2009

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Global Flows of Urban Change

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The Immutable Intersection of Vast Mobilities

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Istanbul, Nov 5 2009

How to mark Istanbul's specificity

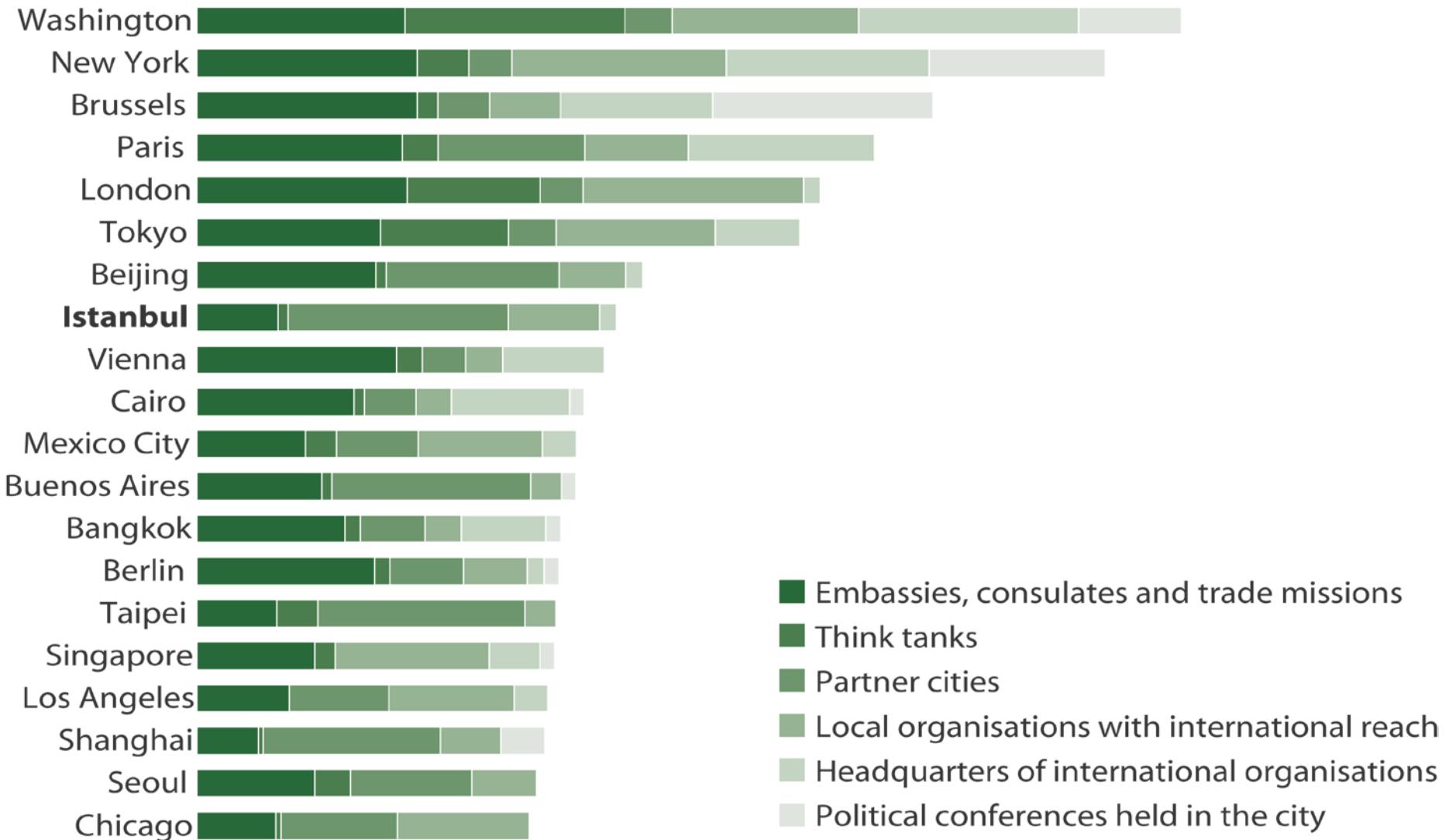
- Out of these histories of intersections comes the need to develop specific capabilities for handling and enhancing network functions
- It is not simply a question of location at intersections.

- Over the ages Istanbul has had to develop capabilities to handle/govern/shape the multiple networks, the diverse histories and geographies, for which this city was an anchor, a platform.
- I think this is a particularity of Istanbul's deep history
- It is also one of growing importance in today's networked world.

Strategic Nodes in the post- 1989 Policy Exchange Map.

- AT Kearny's 2009 study of 60 cities along 5 variables, finds Istanbul in the top ten cities worldwide, along with Washington, Beijing, Paris, Cairo, London and Brussels, among others.
- The study defines the policy engagement variable as “influence on global policymaking and political dialogue.”

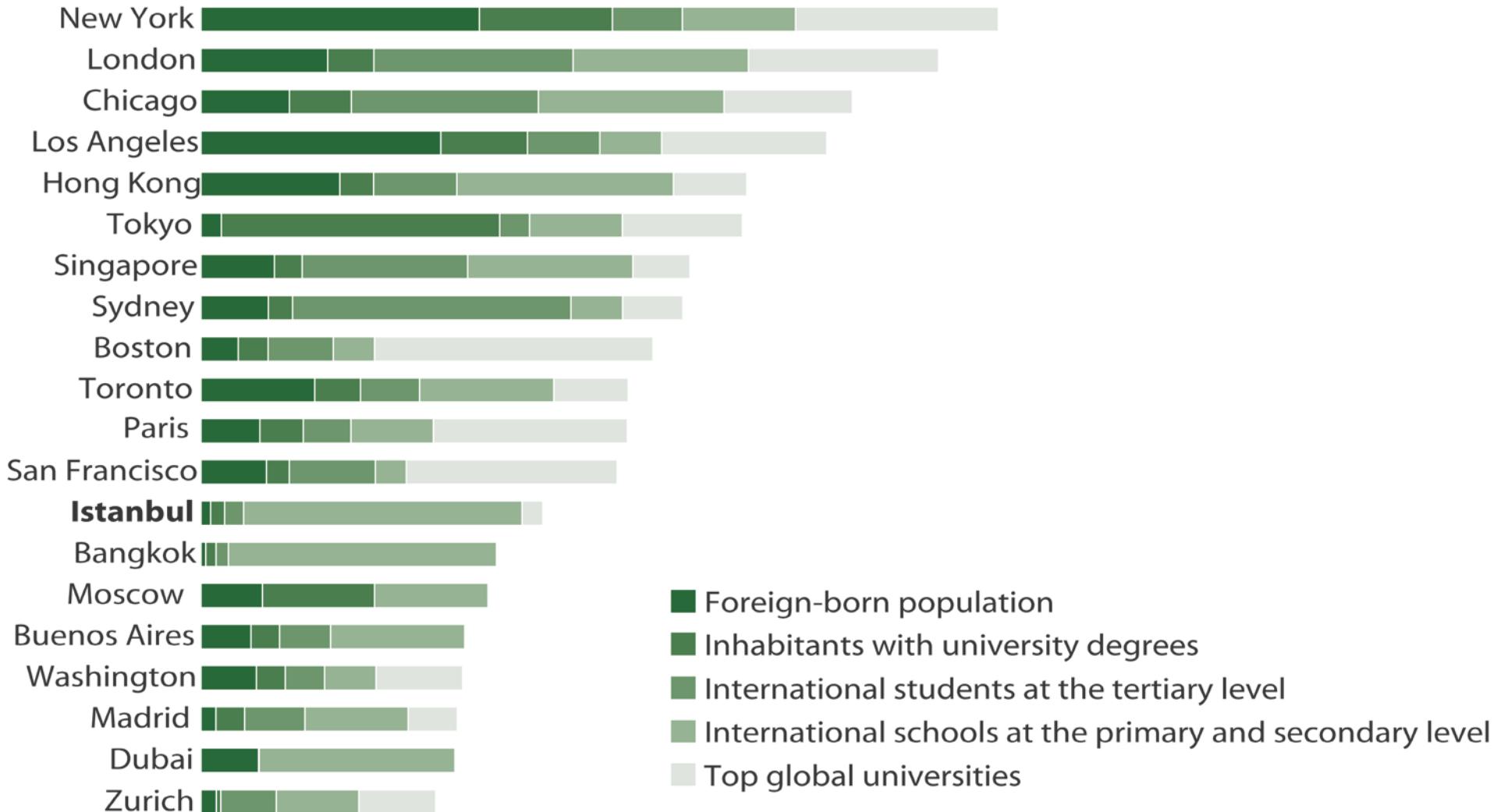
Policy influence



The meaning of Human Capital in a Global World

- Not unconnected to this policy influence is the study's finding that Istanbul is in the top 15 cities on the human capital variable
- -- defined as a city that “acts as a magnet for diverse groups of people and talent.”
- Among the other cities in the top group are Tokyo, New York, Hong Kong, Chicago, Sydney and London.

Human capital



The importance of an international population for “Human Capital”

- Of the five factors measured, the most important feeding the top ranked cities is their foreign-born population:
- This is the single largest factor feeding New York's top rank on the human capital variable. It is one of the two largest factors in Hong Kong's fourth place rank.
- Istanbul is well positioned to gain ground here even though it is still a country with a very small foreign-born population.
- And even on Business Activity, where Istanbul ranks 35th, the two most important factors are the presence of each, global professional associations and the top 40 global service firms (affiliates or regional headquarters)

- I see both of these prominent positions as having to do with Istanbul's strategic role at the intersection of diverse economic and geopolitical geographies.
- In an increasingly networked world, this role and the capabilities involved have taken on growing importance.

Emergent Europe: Between Western Europe and Western Asia

- According to a study of the future of European cities, Istanbul is one of the key cities in what is considered to be emergent Europe, a geographic space that runs between Western Europe and West Asia.
- Data from Ernst and Young, *Reinventing European Growth: 2009 European Attractiveness Survey*.

Top 10 emerging european cities

RANK	CITY	COUNTRY
1	Budapest	Hungary
2	Warsaw	Poland
3	Moscow	Russia
4	Istanbul	Turkey
5	Sofia	Bulgaria
6	Bucharest	Romania
7	St. Petersburg	Russia
8	Ankara	Turkey
9	Kiev	Ukraine
10	Yekaterinburg	Russia

Istanbul: Node of shifting geographies for capital flows

Istanbul is at the center of a geography of capital flows that stretches east and west.

- The EU is Turkey's dominant trade and investment partner
- But the current post-Cold War geopolitics makes Asian countries increasingly important partners.
- Such flows require the deployment of significant capacities. As the geography of capital flows expands, these capacities are also further developed.

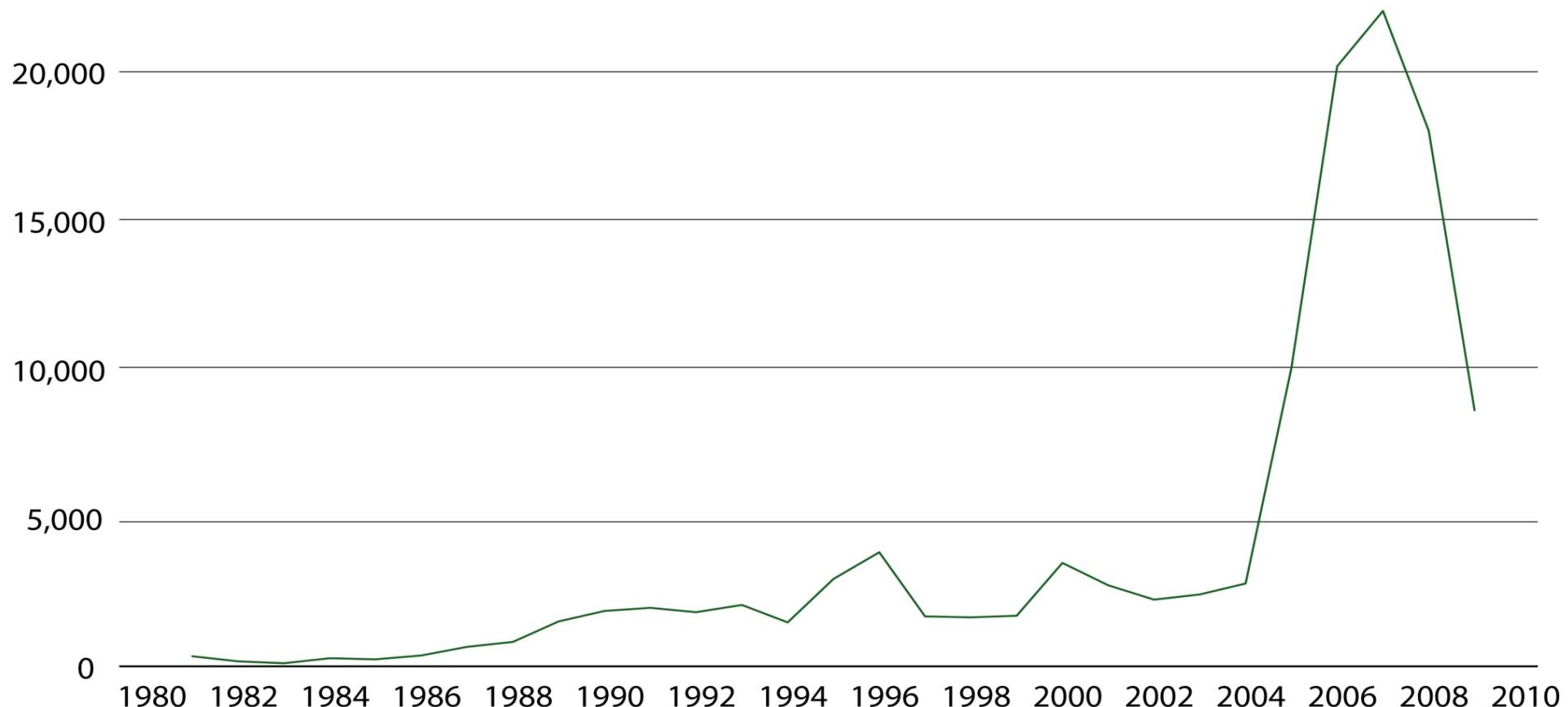
Turkey's Stock of Outward Foreign Direct Investment

- The two largest recipients of Turkish FDI by the end of 2007 were the Netherlands (US\$ 4.3 bn) and Azerbaijan (US\$ 3.4 bn)
- Next are Malta, Luxembourg, Germany, the US, and Kazakhstan.
- By 2007, Turkey's total stock of foreign direct investment was US\$12.2 Billion
- This is 11 times its 1990 stock (US\$1.1 Billion) and 3.5 times its 2000 stock (US\$3.7 Billion).

Turkey's inward stocks and flows of Foreign Direct Investment

- By 2007 Turkey's inward stock of FDI was \$US 146 billion, 13 times the 1990 stock of \$11 bn, and 7.5 times the 2000 stock of \$19.2 bn
- The EU: largest investor in Turkey, with US\$ 12.4 bn inflow in 2007, 30 times the 1990-2000 annual average
- From the EU: Netherlands: the largest single EU investor, with US\$ 5.7 billion. Next are a group of smaller EU countries at US\$ 4.9 billion for the group.

Total Foreign Direct Investment into Turkey in millions of US\$



One key capital export sector: Construction and RE Development

- Together they account for 20% of the foreign firms operating in Turkey.
- On the other side, Turkish construction companies work around the world.
- Highest concentration of cumulative value from 1980 to 2009: in Italy (US\$ 102 bn), Libya (US\$ 50 bn), and Ukraine (US\$ 21bn).
- Next are countries with cumulative investments ranging from US\$10 to 16 bn, including Switzerland, Russia, Luxembourg, and Sudan

Turkey's geographies of trade

- By the end of 2008, the EU accounted for 48% of Turkey's **exports**, followed by Russia at 4.5% and the US at 4%.
- The EU accounted for 37% of Turkey's **imports**, followed by Russia at 15%, China at 8%, and the USA at 5%.
- Turkey is the EU's 7th largest import market and its fifth largest export market.

The geographies of economic flows

- Economic flows are not seamlessly moving through the planet. They have geographies.
- Even financial flows, the most liquid and globalized, construct a geography.

GLOBAL FINANCE CIRCUIT



- Notable about Turkey is that it bridges different historical geographies.

An example: Foreign Firms

- Of the 19,000 plus foreign firms operating in Turkey, well over half are headquartered in Istanbul.
- About 10,700 are EU firms, including 3,100 from Germany and 1,800 from Britain.
- At the other end, 4,300 foreign firms are from Asia, including 910 from Iran, 450 from Azerbaijan, and 300 from China.

Foreign direct investment and international firms in Turkey

	FDI INTO TURKEY 2004-2008 (MILLIONS US\$)	TURKEY FDI OUTFLOWS 1980-2009 (MILLIONS US\$)	INTERNATIONAL FIRMS OPERATING IN TURKEY IN 2007
European Union (27)	44,245	8,679	10,720
Germany	2,992	665	3,125
The Netherlands	13,043	4,266	1,419
United Kingdom	2,957	536	1,831
France	3,633	105	-
Italy	1,191	120	-
Other EU Countries	20,429	2,986	4,345
Other European Countries (Excluding EU)	2,401	1,016	1,691
Africa	111	426	309
USA	6,048	702	834
Canada	242	2	120
Central-South America and Caribbean	595	17	105
Near and Middle Eastern Countries	6,381	3,826	3,072
Azerbaijan	-	3,420	453
Iraq	-	7	511
Iran	-	162	910
Gulf Arabian Countries	5,722	56	-
China	-	26	300
South Korea	-	-	134
Japan	-	-	-
Other Asian Countries	1,058	867	796

The global geography of Turkish emigration is changing.

- Major destinations of people leaving Turkey continue to be European.
- Cumulative departures from 2000 to 2006 were 322,000 to Germany, 57,000 to France, and 55.7 to Austria.
- But we see a growth of smaller flows to post-Soviet Asian republics. And in 2006 a relatively large 20,000 to Saudi Arabia.

Turkey's global emigration stock

- One recipient country still dominates: Germany, with 1.7 million Turkish nationals. This figure excludes second and third generation Turkish origin people, a significant population with an often ambiguous status given Germany's long-standing naturalization law based on descent rather than place of birth.
- This law has now been changed, enabling many second and third generation immigrants to attain German nationality if they so wish.
- If we consider all those born in Turkey (though not necessarily holding Turkish nationality), Germany's stock jumps by a million to 2.7 million.

- The next single largest Turkish populations are in France (229,000), the Netherlands (171,000), Austria (150,000), Belgium (111,000)
- Next come a large number of countries with small Turkish populations, from Sweden with just under 100,000 to Russia with 2,000.

Turkey's immigration

- Migration into Turkey is small: 1.9% foreign-born in the total population; and this includes return migrants from Germany and elsewhere.
- But new geographies of origin are emerging.
- In 2006, 191,000 foreigners moved into Turkey, coming mostly from Bulgaria and Azerbaijan.
- These two nationalities also dominated the cumulative inflow from 2000 to 2006:
373,700 from Bulgaria, 73,000 from Azerbaijan, and 48,400 from Germany, followed by Greece, Russia, the US, Iran, Iraq, the United Kingdom, and more

The world of the mobile

- Migration figures are dwarfed by the numbers of foreigners entering Turkey for various short-term purposes and citizens living abroad coming for short-term visits.
- The largest single purposes for coming: travel, entertainment, culture, visits to family and friends.
- Entries of foreigners: 19.3 million in 2006, up from 13.7 million in 2004, and up from 11.3 million in 2001

Who comes?

- By work category:
- in 2006, the largest single groups of foreigners were the 7 million managers and professionals, and another 1.1 million in secondary professions.
- Among the 3.8 million arriving Turkish *citizens*, these three professional groups accounted for 750,000 arrivals.

From where?

- Germany (3.7 million),
- Russia (1.8 million),
- the United Kingdom (1.7 million),
- Bulgaria (1.2 million)
- An extraordinary mix of countries, ranging from Netherlands and Iran , each with 1million, to Norway (165,500) and Kazakhstan (135,600).