

TOBB President M. Rifat Hisarcıkloğlu: We should act carefully



An improvement in economy became apparent in the last quarter of 2019. According to preliminary indicators, quarter-based growth is expected to be around 5.5-6.0%. In that case, overall growth in the year can be close to 1%. It is important to close 2019 with an upwards growth. On the other hand, considering that the population increase is about 2%, meaning that it is higher than growth, we should remember that income per capita has decreased. There have been some unexpected developments in foreign trade this year. Corona outbreak can lead to different conclusions. First, it might be possible for us to replace China in foreign markets. However, this could only be possible if the demand in those markets does not decrease. The drop in goods prices, namely petroleum, is generally in our favor. On the other hand, the outbreak is expected to have a negative effect on world trade volume, transportation and tourism.

Foreign policies, circumstances in surrounding geographies, issues with Syria and Libya, as well as the relations with the EU, the USA and Russia are still critical. Considering all of these, it becomes possible that 2020 may not be as positive as expected in the first couple of months in terms of economy. It is important not to lose hope, but also to act carefully.

What will Brexit's impact be like?

As an answer to "How will Turkey's trade with England be affected from post-Brexit custom tax changes?", Economic Policy Research Foundation of Turkey (TEPAV) prepared a "Product Based Brexit Guide for Private Sector" with the support of Turkish Union of Chambers and Exchange Commodities (TOBB).

Various possible scenarios have been evaluated until now during the Brexit process however, what the trade rules will be like after the transition period are not yet clear. Uncertainties in the period made it harder for the private sector to keep up with the most current status. As an answer to this need of information that will continue in the upcoming period, "Product Based Brexit Guide for Private Sector" was prepared for importers and exporters in Turkey to enable them to follow up with new customs taxes and their direct and indirect impacts on a product-basis.



TOBB President M. Rifat Hisarcıkloğlu said, "Our biggest wish is to sign a Free Trade Agreement with England as soon as

possible. Approximately 70% of our bilateral trade, meaning about USD 14 billion, will be affected adversely in the post-Brexit period."



“Arbitration became an essential requirement to do business”

1 5th ICC Turkey Arbitration Day” was held under the collaboration of International Chamber of Commerce (ICC)

International Arbitration Council and ICC Turkey National Committee. Turkish Union of Chambers and

Exchange Commodities (TOBB) and ICC Turkey National Committee President M. Rifat Hisarcıkıoğlu gave a speech and explained that ICC is the largest establishment in the business world that works to increase trade and investments and was established back in the day by a couple of entrepreneurs naming themselves as the “merchants of peace” to erase the harm done by WWI on international trade.

TOBB President M. Rifat Hisarcıkıoğlu said that ICC undersigned many developments to improve global trade since the beginning and expressed that over time, ICC collected private sector representatives from different countries under the same roof and became the reference institution to increase worldwide trade and to remove obstacles from trade and solve commercial disputes. TOBB President Hisarcıkıoğlu emphasized once more that ICC made many improvements in global trade since its establishment. TOBB President Hisarcıkıoğlu also underlined that arbitration became an essential requirement to do business.

"Production costs should be lowered"

The ready to wear garments sector, one of the driving forces of the Turkish economy managed to complete 2019 with a success despite all adversities. Last year the ready to wear garments sector exported USD 17.7 billion worth of products which corresponds to 0.4% increase over 2018.

The sector's exports correspond to 9.8% of the total exports of Turkey in 2019 which was higher in 2018.

Istanbul came first with USD 13 billion worth of export among all cities in Turkey in 2019. When we look at the countries which the sector exports its products; Germany ranked first with USD 3 billion with a market share of 17% and Spain came second with USD 2.3 billion with a market share of 13%.

When we look at the product groups of the ready to wear garments sector;



women's clothing came first with USD 9.1 billion of export and 52% market share and men's clothing came second with USD 3.7 billion of export and 21% market share.

Representatives of the sector expressed their request that production costs be lowered and activities of undeclared facilities be prevented.



Karaman expects support to promote and market the city

Karaman has made a name as one of the leading centers for production of biscuits, wafers, chocolate and similar bakery products and now the city tries to find a solution for better marketing and promotion of the city. With its significant

potential in tourism in addition to food and agriculture, the city also wants to see investment and promotion incentives. With the help of such investments Karaman could be a center of attraction both for local and foreign tourists.

Mustafa Gökhan Alkan, Chairman of Karaman Trade and Commerce Chamber explained, "I believe having a "Biscuits Museum" in the city which smells of biscuits will contribute significantly to its Brand City identity and its potential for culture tourism." Ekrem Çavaş, Chairman of Karaman Commodity Exchange told, "We are working to develop regional strategies to export our special apple which is a signature product of Karaman."

According to "Industry Overview 2020" report, which evaluates the past year and lists expectations for the current once, construction industry will not be returning to its former glory days easily.

Industry Overview 2020 – Construction Report states that the industry still has a growth potential due to social, demographic and economic reasons like the increase in population, shrinking family structures and late marriage of new generations. Downward movement of interest rates and foreign demand combined with public-resourced incentives create an expectation that the industry will start recovering faster than initially foreseen. However, preliminary data shows that the industry is still fragile, not only due to economic but also political risks.

Turkish economy's growth trend traditionally lies on construction and real estate market. The industry acts like a locomotive in employment together



with the side industries it is connected to. The vast amount of numbers causes the industry to be closely related to finance. Credit rates, confidence index and supply-demand balance determined the dynamics of the industry. The stillness in the industry, especially in 2018, revealed the on-steroids-like importance of the

industry in Turkish economy. Industry data considered in preliminary indicators are still problematic. However, the industry preserves its potential for growth due to social, demographic and economic reasons like the increase in population, shrinking family structures and late marriage of new generations.