

TOBB President M. Rifat Hisarcıkloğlu:

We should consider a national carbon pricing system and a new incentive system

It is time that the policy makers in Turkey fully understand the developments in climate change and consider implementing a national carbon pricing system and a new incentive system. Because if we sell goods to the EU which is our biggest export market without fulfilling necessary requirements, we will be paying Euro 2 billion for carbon border tax. We should discuss and deal with the climate change first for our future generations and for its economic aspect and take a result-oriented action as soon as possible.

Climate change and associated natural disasters make the green transformation a hot topic everywhere in the world. But just like the pandemic, green transformation will not affect every country and every individual at the same level. Some countries, some regions, some industries and people will be negatively affected from this transformation. While others will become more advantageous.

We must have a dedicated policy to avoid paying carbon border tax

Let's imagine you have a successful company. But when your country does not fulfil its requirements, you will have to pay an additional carbon border tax to sell your goods. Let's say the EU starts to apply a carbon border tax of USD 50 per tonne of carbon emission then Turkey will need to pay around € 2 billion tax to the EU. And this amount will continue to increase. This means that if we do not start to design a national system about carbon pricing, we will be paying € 2 billion annually to the EU starting from 2023. And this will be only the beginning.

Nations that do not trigger technological developments in these coming years will lose their competitive edge in international markets. Those who take measures to reduce their carbon emissions will be subject to lower risks and lower interest costs while others will have to bear higher costs.

Additional costs are imminent

Carbon pricing may not be an additional cost item for all of our companies. In a carbon pricing system, companies are categorized in two groups according to an upper limit in carbon emissions. Companies that cause sub-average carbon emissions can sell carbon emission certificates to those that have above average carbon emissions.

So, a price is set for carbon emission per tonne. Here, the government sets a permissible carbon emission level and allow setting a price for above average carbon emission. Therefore, a new stage where the norm is not to cause carbon emission starts and those who cause higher emissions pay the price. Companies who cause less carbon emissions can make money. This can provide an opportunity for those who know that investing in this will prove to be profitable in the mid-term. Or instead, the government can implement a carbon pricing through taxes to control carbon emission levels. In the latter scenario the government has the financial advantage and use the money earned from these taxes in financing its infrastructure investments. However, in both scenarios not all companies should bear an additional cost for their carbon emissions. Those who contaminate should pay the associated cost.

Countries that do not aim technological change and efficiency will be left behind

Not every industry and country will be affected the same. There are new technologies which can reduce emissions and increase efficiency by redesigning business processes. Nations that do not trigger technological developments in the coming years will lose their competitive edge in international markets in this new future. Countries that give the right incentives to national companies with a carbon pricing system will lead the technological transformation process and leave the others behind.

Therefore, Turkey needs to rapidly review its current incentive system for green transformation. Again, the green transformation process will have a more negative impact on some countries and on some regions in those countries. Oil producing countries and regions whose economies are based on fossil fuel will be unhappy.



The Energy industry has to change its policy on investments

According to the International Energy Agency report, global coal demand will decrease by 90 percent by 2050. The demand for oil will decrease by 75 percent. The demand for natural gas will decrease in half. The above means that the investments in the energy industry will change course. It will be harder and more expensive for thermal power plants and coal mine projects to find funding. There are talks about cancelling all new thermal power plant projects starting from 2021 and closing existing coal fired power plants in many countries. In our country coal-based production is extensively used in Soma, Manisa and Zonguldak. Special regional development policies have to be designed for these regions.

Industries targeted by carbon taxes will affect Turkey, China and Russia

Studies on carbon taxes demonstrate that these taxes will be directly relevant for cement, iron and steel, aluminium, fertilizer and electricity industries in the beginning and the countries that will be affected the most will be Russia, China and Turkey. Here, iron-steel and aluminium industries stand out in our country. Therefore, we need to re-direct our investments to new technologies instead of concrete.

Our agenda should be fair transition, fair transformation and fair competition

Therefore, our agenda should be fair transition, fair transformation and fair competition. In this regard first, a decision should be made about Paris Climate Agreement as soon as possible. Because it is better to focus on the future not the past. Second, a serious carbon emission intention document should be prepared up until

2050. This refers to an economic transformation program until 2050. Third, Customs Union Modernization with the European Union should include the green deal. Fourth, the government should set a strategic vision on the Green Deal, which will also include the private sector. Fifth, CDS risk premiums should be reduced and a reform roadmap which will increase investment financing should be designed.

Transformation is coming fast

In conclusion, transformation is coming fast. A new trade region which is in line with the climate change agenda is shaping right in front of our eyes. The European Commission has announced its Fit for 55 program. Therefore, a roadmap on climate change which shows how to implement what has been talked has started to be visible. Sixty percent of our export is to the EU and the

USA. If we do not want to lose our export markets, Turkey do not have any alternative but to be in this transformation. We need to accept this fact and stop fighting it as soon as possible. We cannot afford to be unprepared and unguarded just like we were during the recent wild fires. We must urgently make our mind up and head the road. We should start thinking about a national carbon pricing and a new incentive system.



With the COVID-19 pandemic the world is faced with a more widespread crisis which is different than previous crises. The crisis has led to a change in both local production and trade structure. In this period

where reshoring is trending in both trade and production, reading global trends is virtually the key to success. In other words, positioning in the new normal is more crucial than ever. The gap between developed and developing

economies has widened and we either adapt fast to the conditions of the new normal and write a success story or become one of the nations that are victims of inequality. We have tried to show you where the new normal would go with the academic studies we have reviewed for you.

Policy makers who claim that geopolitics is not as important as before and digitalization will storm the world literally measure their societies using virtual money/crypto currencies. Additionally, high inflation caused by infinite financial support and incentives of countries for their citizens as a result of COVID-19 measures has led to a period where indebtedness increased in economies hanging on by a thread. When we ask the question "Who have benefited the most from the pandemic, apart from the vaccine companies?", we see that the 10 companies have increased their income by approximately USD 600 billion through their digitalization operations.

The Turkish Minister of Treasury and Finance Lütfi Elvan participated in the Joint Committee Meeting

The Joint Committee Meeting of the TOBB Chambers of Commerce and Industry, TOBB Chambers of Commerce, TOBB Chambers of Industry, TOBB chamber of Shipping was held with the participation of Turkish Minister of Treasury and Finance Lütfi Elvan. In his speech, Hisarcıklıoğlu told that they believed that the 7 percent growth achieved in the first quarter of the year is very important because it showed that the supports and incentives for the private sector were on target and added "We are hoping



to achieve maybe the highest growth rate in a quarter ever. Furthermore, we think that we will reach to record high levels both in industrial production and export".

"The health of both societies and economies is compromised"

The Turkish Ministry of Treasury and Finance, Lütfi Elvan emphasized that the global economy has been hit by one of the most severe recession since the World War II and both the health of the societies and economies

have been seriously compromised. Explaining that the Covid-19 pandemic has accelerated a series of structural transformations in the global economy, Mr. Elvan emphasized that reshaping of digitalization, green transformation and value chains would become the most important agenda items in the near future. Mr. Elvan also told that they would change loan guarantee policies offered through the KGF and KGF would consider providing guarantee for the loans that will be spent on the correct work and correct location.

Japarov, the President of Kyrgyzstan was presented with a TOBB ETÜ Honorary Doctorate degree

The Sadyr Japarov, the President of Kyrgyzstan, was presented with a TOBB ETÜ Honorary Doctorate degree during the ceremony held in TOBB twin towers. Following the graduation ceremony hosted by M.Rifat Hisarcıklioğlu, TOBB President and TOBB ETÜ Chairman of the Board of Trustees, the Turkish-Kyrgyz Business Forum was held.

M.Rifat Hisarcıklioğlu, TOBB President and TOBB ETÜ Chairman of the Board of Trustees explained that the university senate had decided to present Japarov with an Honorary

Doctorate degree and added, "Japarov honoured us by accepting this TOBB ETÜ Honorary Doctorate Degree. Manas University gave me the Honorary Doctorate degree. And I am proud to have this degree."

"We Stand by Our Brothers and Sisters"

Rifat Hisarcıklioğlu told that Kyrgyzstan and Turkey have very close ties and share both their sorrows and joys and commented that Turkey supported Kyrgyzstan in its journey to independence and one of the first countries to recognize its independence. Hisarcıklioğlu told that they believed that a stronger and wealthier future is possible for Kyrgyzstan under the leadership of Japarov and added, "We, as the Turkish business world, will always support our Kyrgyz brothers."

Hisarcıklioğlu told that TOBB ETÜ is one of the most popular universities in Turkey and explained that the Joint Education Program started by the university as a first in Turkey has since become a good example for industry-



university cooperation. Hisarcıklioğlu told that they provide non-material and financial support to young entrepreneurs to realize their dreams.



Traditional dishes and cultural values of Bitlis, which have a history of thousands of years now, have more added value in commercial markets thanks to the hard work of the chambers and commodity exchanges in the city and TOBB. The tastes and cultural values of the city are crowned with a geographical indication (GI). The city's history of 7000 years as a result of being a host to many civilizations is the main reason why Bitlis is so rich in local products. Reinforcing this richness with a geographical indication both protects the real producer of the product and contributes to the local and national economy.

Bitlis Büryan Kebab

Bitlis Büryan Kebab, mentioned in the itineraries of the famous Ottoman traveler, Evliya Çelebi, is a delicacy of many centuries. Rumour has it that Ottoman Sultan Murat IV passed through Bitlis on his expedition to

The tastes and cultural values of Bitlis are crowned with a geographical indication (GI)

Revan. While walking with his army, he met a shepherd tending his flock somewhere close to Bitlis. Murat IV introduced himself to the shepherd and asked him whether he had anything to offer them to eat. The shepherd told him that he only had meat and milk and would be happy to cook them meat if they accepted. The shepherd cut a billy goat, cleaned it and applied generous amount of salt. Then he dugged a somewhat deep hole in the ground. He put twigs he collected into this hole and burned them. When all the twigs were burned out and the fire turned into embers, he placed a large pot filled with water on top of it. Then he lowered the salted animal into this hole/pit. And closed the pit so no air would go in, and the meat would cook with the water steam. After the meat was cooked, he presented it to the Sultan.

The sultan liked the meal very much and told "cooked like a Büryan (a type of kebab)" so after that day the dish was called "büryan" and became very popular.

Büryan is made of billy

goat which is called "hevr" in Bitlis. The traditional season for büryan is summer and early autumn. Animals have more fat and their meat smell nice since they are fed with fresh and natural grass in these seasons. Animals are allowed to grow in winter so büryan is not a popular meal during winter months. Meat for Büryan is prepared one day in advance. Meat of a whole animal left on the animal's body is generously salted and allowed to rest. The fire is burned in a pit around two in the morning (oak twigs are used). After embers are formed a large pot filled with water is placed on top of the embers. Then the meat is lowered into the pit without letting it touch the water and the pit is closed to prevent air from going in. While the meat is cooked on embers, water steam softens the meat. Cooked meat is taken out of the pit and placed on a hook.

The best period to eat Büryan is the months of August, September, October. The water pot placed in the pit is taken out. Fat dripping from Büryan is collected in this pot.

