

TOBB President M. Rifat Hisarcıkloğlu:

Time to consider structural reforms regarding Climate Change

Whilst a new trade region is forming in line with climate change, Turkey cannot be out of this. In order not to lose market and competitive edge, measures and preparations must be underway. Structural reforms including a nationwide carbon pricing system, a new industrial policy and investment incentive system in particular must be in place as soon as possible.

With Green Deal incepted in Europe is beginning to be seen as an exit strategy out of pandemic-related damages. With new public spending programmes within this framework in place, an orderly transition is being projected. The correlation between growth and carbon emissions shall thus be eradicated. However, this of course requires intensive steady capital. This process was delayed in the past due to that but now it is a different term.

A comprehensive transition strategy in place

The low interest climate brought about by Covid-19 made a capital intensive economic transformation possible. Thus a new trade and investment zone comprising world's richest markets is being formed. The Fit for 55 Package of the European Union necessitated for that reason a carbon levy at the customs. Laws enforcing firms to comply fully with carbon emissions control over supply chain and initiatives regarding product standards are being put in place which thus required a comprehensive transition strategy for Green Deal.

One part of the world recovers faster than the other

The problems experienced globally over supply chain and increase in food and raw material prices are both related with that transformation as well as the pandemic. One part of the world is recovering faster than the other. The biggest reason for that is vaccination performance. The places

where there is easier access for people for vaccines is recovering faster than the places where there is not. Also, the slower recovering countries cannot meet the raw material and food demands of the faster recovering countries. The hydrocarbon producers reject raising their production quotas in line with rising post-pandemic need due to political reasons. The stagnation in hydrocarbon investments thanks to the Green Deal is also another reason why the growing need aligned with economic improvement is not met.

All these show that the exit process of the pandemic requires a much more carefully thought out planning with global and plural participation. There will be hydrocarbon solutions again in the transition period but reducing carbon and water print will remain as a top priority.

The importance of global cooperation figured

The UN climate change meeting in Glasgow was important in terms of global cooperation. Though there was no definitive result towards a tangible action point, it was still important to keep this topic hot and alive.

Turkey as well is shifting from speaking about climate change to taking action about it; the goals are set. We now need to begin to devise a comprehensive structural reform. Many topics from monetary and tax policies to educational, industrial and trade policies need restructuring. One main indicator for this is that Saudi Arabia is taking urgent action compared to Turkey to meet the



future hydrogen import need of Europe in line with Green Deal. That simply means they are aware of this shift and taking necessary steps towards it. They are starting preparations for hydrogen production based on renewable energy announcing that they will be supporting both scientific research and R&D efforts.

An Emission Trade System Needed

On the other hand, in order not to foot the bill for extra carbon tax at the borders, there needs to be a local Emission Trade System similar to the EU's; as well as pricing carbon. The world is now beginning to plan the shift from the use of coal in electricity production. As part of the conclusion of the UN Climate Change meeting in Glasgow, developed countries pledged to discontinue use of coal first then gas.

Social Programmes Needed

Of course this process is not easy; social programmes need drawing up for those workers who live round these coal mines and face unemployment thus. China whose dependence on coal is the highest is aware of this and has already begun taking necessary steps towards this. 70% of China's electric production depended on coal in 2009. As of 2020, this is reduced to 57%. Besides China announced that they will stop financially supporting coal plants as they are aware that they are an integral player of the global economy and that they cannot walk alone. In short, it is impossible for Turkey to be out of this game especially when a global change is around the corner and a new trade zone is forming beside us

in line with the climate change agenda. We need to be careful not to lose any market share or competitive edge. We need to begin immediately. There needs to be a national carbon pricing system as well as a new industrial policy and investment incentive system.

Green Transformation Key to A Sustainable Economic Reform

Green transformation is key to a sustainable economic reform. This reform will mean on one hand reduction of carbon emissions on the other hand new products, design of new service and employment

areas and business systems. Sectors can also benefit from the opportunities the Green Deal is about to bring align themselves with this process. It is important for Turkey to keep its competitive edge on a global scale and this is only possible with adopting steps of climate change.



Net Zero Never Means a Zero!

The discussion of 'net zero' guarantee brought about again with Turkey partaking in Paris Treaty shows that the world countries are switching from an audience position to a doer position recently in the fight against climate change. On a long term a lot of countries that emit a lot of carbon gases in to the atmosphere announced that they will keep the 'net zero' guarantee promise by 2050-2060. These promises have not only provided a positive atmosphere but also psychologically undermined the stiff efforts against climate change. Is that really so? Let's begin with a question; 'Do you think a net zero means an absolute zero?' Of course no! If there is not a common audit mechanism in place, the world shall sustain to be on shells in a world where there is this new win-win system of major firms far from being fully honest and

taking full of advantage of this new and susceptible system.

First, it might be important to explain within simple maths the mindset these major firms seem to adopt. When you come to think of it all; the majority of the guarantees are in 2050 which means a period of 30 years from now. The long term net zero guarantees will help firms and countries to evade serious emission cuts. However, if we look at the issue from a climate-justice perspective, the mid century could already mean too late to keep this promise since the global industrial West is historically more responsible to quickly keep their promises thanks to their present wealth and a long poor record of emission violations.

What makes the issue even more complicated is that majority of the net zero plan is not in line with short term and

temporary emission cutting measures. Instead of this, majority of the countries are looking at national goals frameworked recently by Paris Treaty back in 2015. In other words, it is possible to be trapped in a trade plan far from being real for and beyond 2030. What is worse is that, the term 'net zero' in climate change guarantees can simply be a justification that they might never really be zero. Instead, it is believed that it shall be balanced by just removing it from the atmosphere. In other words, we shall be looking at carbon dioxide not eradicated but rather on exile away from the earth. One shall never forget that the every exile-stricken will always return home. Thus an action plan far from being clear and based only on hypotheses may result in consequences that might render the year 2050 a one in which even little will so far not have been achieved.

Celebrating 98th Birthday of our Beloved Republic



The TOBB president of Turkey, M. Rifat Hisarcıklioğlu circulated a 29 October Republic Day message that read 'this republic which is the most valuable thing we inherited from our ancestors shall likewise guide the younger generations in their journeys.' He also noted "we proudly and happily celebrate the 98th birthday of our beloved republic. We believe that this republic founded by Gazi Mustafa Kemal and his comrades with the support of the whole nation is the utmost value we have. One that incorporates public representation into its governance and most befitting to the present century. This republic within its century long journey became stronger and more valuable day by day. Now we continue to support those who did so before us. I have no doubts that the coming generations will continue to cherish and carefully and sensitively protect it making his famous lines possible that 'it [the republic] shall always continue to remain.' In living memory of Gazi Mustafa Kemal and his comrades and all martyrs and veterans, may we proudly respectfully and gratefully remember them all. Happy Republic Day!

Hisarcıklioğlu to be elected again as Eurochambers Vice President

The GA of the Association of European Chambers of Commerce (Eurochambers) and Industry for which the Union of Chambers and Commodity Exchanges of Turkey President M. Rifat Hisarcıklioğlu is the vice president has been digitally held. At the meeting where the president and vice presidents for 2022-2023 have been elected; M. Rifat Hisarcıklioğlu has been reelected as vice president. Also, during the meeting in which Eurochambers budget commission members were too elected, the head of EU and External Affairs Bureau, Mustafa Bayburtlu was reelected as budget commission member for 2022-2023.

