

TOBB President M. Rifat Hisarcıkıoğlu:

Turkey's growth agenda should focus on green investment first

For international financial markets will soon be shifting towards green investment, Turkey should also rapidly grow its portfolio in order that it can attract healthy foreign investment. As foreign investment shall look for more opportunities of green investment, Turkey's growth and employment agenda should too follow the same pattern.

Climate change agenda was aggravated in 2021 and became one of the top trending topics. Even the USA backed down from its age long stand-off and hailed the Paris Treaty. Also, Turkey became one of the countries in the same period that too accepted the treaty. This year shall become the (green) zenith of the financial system. 'The categorisation process of 'the Green Investment Code' initiated by the European Council shall guide this process. This way it will be determined which investments shall be incentivised and which will be excluded thus the accessibility to financial systems for the green investment will be too augmented.

The compliance of your investments to green standards to be accounted for

The world will then turn based on the investments made into green Technologies. When you have landed a good opportunity for an investment, it shall first be scrutinising whether it is if anything and how well in line with green standards? Or in conjunction with carbon and water print and recycling management standards? If it is not approved, it will be more difficult to finance it. So, how well could the financial system in Turkey respond to the sustainability expectations of the other developed nations in Europe?

As one may well remember, the international fund flows shifted from being wired to and from nations to being through financial markets in the 1980s, Turkey was among the first nations to champion financial liberation. Privatisation process, the restructuring of the Istanbul Stock Exchange, the structuring of domestic loan bonds system and financial market reforms had paved the way for the international

capital to flow into the country this way. As international financial markets will rather turn now to green investments, it is highly critical for Turkey to rapidly grow its green investment portfolio in order to attract better foreign investments in to the country. Since foreign savings shall further look for green investments, the growth and employment focus of Turkey shall too be green investments.

The climate congress is a critical step

The climate congress planned in February shall convene to form the Green Deal agenda of Turkey. It is expected for Turkey to put forward now its climate change road map clearly. As for companies, in terms of predictability, transparency is of utmost importance. The climate congress for that reason is a very good and pluralist opportunity for everyone involved.

In order not to miss the green industrial revolution, it is important to establish a collective mindset and long detailed discussions. Really important to avoid the futile present agenda and begin talking about the future. The green deal process must be regarded as the ultimate agenda for Turkey's new development and enrichment period for from now on it will be really difficult to finance concrete developments as well as those in detriment of farmable fields and water resources.

Turkey needs a roadmap for 2053 goals

Turkey secured in 2021 the parliamentary go ahead of the Paris Treaty it signed back in 2016 as the first of signatories. Besides it was announced by the utmost authority that it shall be in full conjunction of zero



waste by 2053. Now it is crucial to establish a roadmap that fully covers the 2053 goals. For instance, we need to establish when and how we will exit coal-based energy sources. Second, it must establish a taxation or incentive system for the companies to plan and action the decrease in their carbon emissions. The immediate design of this carbon pricing system at the same time means establishing the priorities of the industrial policy.

It is possible for Turkey in 2022 to take a series of steps in terms of the Green Deal process. The design of carbon pricing system and the Emergency Energy Action Plan work for 2053 net zero goal policy both need completing. By these, it shall be easier to design the industrial policy. It is also important to be in line with European Union regulations and the relevant organisations to be accredited by them in terms of the system to be formed and measurements to be made in the event of the globalisation of the carbon markets.

The Green Deal Process to be Turkey's new development strategy

The Green Deal process is the new development strategy of Turkey. For a long time, we have been in need of a structural reform agenda in economy. Now thanks to EU, this agenda is being shaped. In terms of EU-Turkey relations, after a long time, this will facilitate the first cooperation again round a mutual future perception. The refugee agenda was not a productive process following the stagnating accession period. The modernisation of the customs union shall be formed upon Turkey-EU decarbonisation agenda and the scope of cooperation shall grow.

On the other hand, it can well be said we are caught on the wrong foot for the green industrial revolution. The recent energy supply crisis and power cuts are the consequences of the failed and miscalculated planning and market design. It is apparent that in order for Turkey to be more efficient in the global value chains, it needs to be careful with regards to its goals. In a time when it is of even further importance for countries like Turkey which are an integral part of the global values chain and whose administrative capacity is much

more critical compared to previous times, it has been really unlucky in terms of showing our poor strategic planning capacity. When considered the green deal process shall too be bumpy like the pandemic period, it will be critical for Turkey to be prepared and organised against the new developments, and in speed action in order to prove its difference. We very well see that it is now more important for Turkey than before to show its awareness of the situation and difference following the climate congress in the process of green deal.

Another important issue is that Turkey is to face a capital heavy economic transformation process. We need more investments. It means an apparent issue for a capital heavy transformation in a time when CDS risks are skyrocketing, practice of interest lowering in the office leading to soaring inflation, market interests, and dolarisation. It is important to tackle the risk premiums and its negative perception. Because we know how we have come to this point, it is also apparent in what way we can tackle.

No time to waste!

Digital Resilience has become key to GAV

It is important for Turkey to quickly grow its gross added value (GAV) in order that it gets its national growth past the 800 billion threshold and go over the 1 billion [psychological] threshold. At this precise moment, the concept of unlimited trade intensified by data scaling and digitalisation efforts is key to the increase of GAV. In order for Turkey to raise the national growth rapidly, it is important to adapt to the trade habits of the new world and first and foremost raise its digital resilience. To that end, Turkey even has a roadmap. The report titled 'Turkey on course of digitalisation' jointly drawn by Digital Turkey Platform and KPGM details what Turkey should be doing in order to raise its digital resilience. According to the report, there is no time to waste for digital transformation. In order to succeed in the new reality, it is critical to gain digital resilience.

The sharpest thing to state about digitalisation intensified by the Covid 19 is that it helped companies gain resilience as digitalised sectors have shown bigger growth. Also, Covid-19 showed the importance of connectivity. Digitalisation is too one of the most important agenda items for our close vicinity and neighbours. For instance, digital investment is among the most critical areas of development for Europe alongside green deal. The European Parliament allotted 20% of its pandemic package worth 750 billion Euro to digitalisation; which equals to about 150 billion euros. In other words, about one sixth of Turkey's total national growth is allotted for digital investments in Europe. The investment plan of Europe which showcases digitalisation includes 'digital literacy, digital health services, digital transformation, innovation, the green deal, digitalising SMEs, connectivity and infrastructure.'



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