TOBB President M. Rifat Hisarcıklıoğlu:

We must continue to facilitate investment production and employment

Though the geopolitic tensions happening nearby and that developed countries faced a recession in 2022, Turkey showed considerable positive economic data in many parameters. For this to continue, we must prepare ground for investors. Price stability nationwide, decline in inflation, country risk premium and dolarisation and increase in tendency in foreign exchange reserves shall all positively impact the stability.

Compared to 2021, in 2022, Turkey's central government income rose to 2.8 trillion TL by a 100% increase while expenditure rose to 2.9 trillion TL by a 83%. Thus the central government budget deficit in 2022 compared to the previous year was recorded by a 31% fall as 139 billion TL. In addition, budget expenditure before interest in 2022 compared to 2021 rose to 2.6 trillion TL by a 85% rise. Personnel expenditure was 615 billion TL by a 85% rise. In the same period, state premium expenditure for social security imstitutions was 97 billion TL by a 69% rise. Goods and services purchasing expenditure in this period was 257 billion TL with a 93% rise. Further, interest cost rose to 311 billion TL with a 72% increase.

Ratio of indirect taxation declines

Tax income collection in 2022 rose to 2.4 trillion TL with a 102% rise. Main budget other income components [excluding tax income] in the same period rose to 387 billion TL with a 95% rise. Ratio of indirect taxation within total tax collection declined to 42%. Thus ratio of indirect taxation within tax collection in the last 19 years declined by a 5 points. As for type of taxation, compared to 2021, in 2022, income tax by a 63%, corporation tax by a 185%, domestic VAT by a 42%, OTV (special consumption tax) by a 104%, banking and insurance services tax by a 78%, import VAT by a 121%, stamp taxation by a 49% and fees taxation by a 82% all rose.

Ratio of interest expenditure declined

Ratio of interest expenditure against GDP was 15% in 2002 while it declined to 3% in 2021. In 2022, this is expected to further decline to the level of 2.3. In 2021, 16 TL of every 100 TL tax collected was spent on interest and 14 TL in 2022. In 2021, 12 TL of every 100 TL budget expenditure was spent on interest while this declined to 11 TL in 2022.

While maturity of domestic borrowing in 2020 was 34 months, this rose to 53 months in 2021 and to 70 months as of end of 2022. While average cost for fixed return domestic borrowing was round the level of 25% in early 2022, it too declined to the level of 11% as of late December. While ratio of TL fixed return bonds within total domestiv borrowing was round level of 35% in 2021, it reached a 60% in late 2022. Ratio of EU-defined general government debt stock against GDP in late 2021 declined by a 7 points and in 2022 3rd quarter was 35%.

Investor network expanded

Investor network expanded as the no of investors in Borsa Istanbul (Turkish Stock Exchange) rose by a 1.4 million people. Within the last year, the market value of companies floating in Borsa Istanbul reached 6.2 trillion TL with a 184% rise. It recorded in 2022 a 111% USD of rise. Companies generated an additional finance of 19 billion TL by public listings. Thus 40 new companies began to float in Borsa Istanbul. Total no of participants in SIPP rose to 15 million people by a 1.3 million increase.

Net export contribution in the first 3 quarters

Despite stagnation in global markets and negative impact of parity, export reached the level of 254 billion USD. Of 6.2% growth recorded in the first 3 quarters, 60% was due to net export thanks to investments in machinery and equippment. The rising employment in parallel to economic growth reached an all time high with a total of 31 million people. Owing to the treasury-backed indemnification system, companies enjoyed a 116 billion TL credit facilities. Business loan growth in the lead of manufacturing industry reached the level of 36%, 25 points more than that of recorded in 2021.

Surely, the factors that negatively impact this positive progress are also closely monitored. High demand in energy and gold import continued to negatively impact the balance of current accounts. While current accounts deficit was 45 billion TL, foreign trade deficit rose to 110 billion USD owing largely to annual rise in energy and gold import. The much better than expected positive impact of tourism aside, demand in domestic consumption, high levels in energy prices and the probability of main export components to go in recession all keep the risks on current balance alive.

Though much of the data for economic activity performed better than expected, worries for a recession in developed countries still linger thanks to geopolitic risks and rise of interest rates in developed countries. On the other hand, the positive outlook on the international commodity prices gauged in the second half of 2022 continues. As winter conditions are not too harsh, gas prices continue to fall. Price stability nationwide, decline in inflation, country risk premium and dolarisation and increase in tendency in foreign exchange reserves shall all positively impact the macro and financial stability. Thus there shall be a productive ground for the healthy and sustainable continutiy of growth in investment, production and employment.

SHALL HUNGER FOR TERMİNOLOGY SAVE THE WORLD?

The new period of 'ESG' instead of aging sustainability

SOCIAL INITIATIVES MUST NOT BE SLAVE TO EARNED BENEFITS

Are we aware that the world is going through a complete change of jargon and terminology these days? For instance, did you know that instead of globalisation there is productivity, sustainability in place of climate change and 'shoring up from a friend' for global supply chain? Not to even mention the sharp shift in spawn new professions. But could we still be missing a long-standing issue in the midst of it all? What could be the problem that no country in the world stakes a claim for? Surely, climate change and greenhouse effect!

At this precise moment did you know that the aging concept of sustainability is being replaced by ESG (environmental, social and governance)? Will the concept of ESG imposed particularly on CEOs by the financial world have a real impact on the world's pressuring international issues or just enter the terminology and serve the earned benefits? If you are ready, let's go deeper into the concept of ESG that we will probably hear for the next 10 years.

First and foremost, in order that our neuron cells in our brains get activated, let's ask some reminding questions. This way, at least we can review the data in our subconscious and do a healthy inquiry. What steps have the humanity taken in the last 20 years to tackle the problem of climate change? In addition to that, what new concepts of tech have entered the terminology and what output have they managed to yield so far? Let's go over them one by one.

In the past 20 years, first the perception of recycling has been built. Admittedly, at least some levels of perception has been expedited in the top 50 countries. Following that a new method of governance has been utilised for climate change with the concept of sustainability. However, the humanity remains silent like an ostrich burrying its head in the ground in the fight against climate change while it is really proactive when it comes to adding new terms in to the terminology. Therefore, the concept of sustainability seems to have aged over time in politics and minds both.

It is common knowledge today that how little respect is bestowed on the elderly in developed nations which often tend to explain everything with speed. Politicans who first retired the concept of sustainability now added the concept of ESG in to the terminology.

Environmental social and governance management or its popular acronym ESG defines the possible impact of environmental social and governance applications of an investment related performance whereas sustainability might possibly mean the capacity to be everlasting, used often in 21st century in reference to the said capacity of civilisation and biosphere. We will try and explain in details in this paper how CEOs take the concept of ESG on a global scale and what actions are taken in shifting areas of profession in terms of ESG and climate change accordingly. So does the preparation for society's coding with the new terminology serve to support new spending ways and habits or for the dream of a new better world?

It is over now for the companies that only focus to please their shareholders

As of today, it is maybe critical to address some of the topics we believe have changed or are still to change. More recently, societies and business leaders do not anymore only focus to maximise the companies' value of shares but also to shift them in to adopt a mindset of growing social transformation. Unfortunatelly, this public mindset shift does not seem to as well penetrate in to political mindset as more the demand from companies for social responsibility at corporate level rises, governmental support for leadership source declines. Today, most companies race to show their ESG footprint as much as their income and profit tables.

According to a survey done by Fortune with 500 CEOs, 44% of them believe that social responsibility initiatives must be integral to their business intelligence. Data currently held shows that more and more CEOs begin to adopt a notion that is against that of the Nobel Prize winner economist, Milton Friedman's. As one might remember he once famously said about the only social responsibility of the business world that 'it engages itself in some forms of activities and utilises its resources to increase its profits.' The public also thinks that corporate leaders have a greater role in social transformation. According to 2019 Edelman Trust Barometre, the majority of the surveyed believes that CEOs can do better and further to influence and trigger the solution of gender inequality, prejudice and discrimination, lack of on the job training, environment and data protection-related problems and others. Nonetheless, though there is a unity in notion in terms of corporate level social responsibility, one can still question the plausability of a demand for corporate level solution of social, economic and environmental issues. In reality, whether ESG efforts of companies are effective or not is to a certain extent surely to do with governments longitudinal management of present and pressing issues of world economy.

Are the unemployed lesser social classes the catalysts for new political turmoils?

Shall we also look at the approaching silent screams speaking of long-term adverse winds? For instance, the advancements in AI, automation and other technologies is proof that new unemployed lesser classes are inevitably incepting. Growing inequality (particularly in developed countries), fast demographic changes and immigration crises is already supporting populism and focusing on political melt-down. In other words, unemployed lesser social classes and a lot more other parametres clearly point to prospective political melt-downs. While all this is happening, the world is nearing an imminent natural source scarcity that is likely to further worsen. In other words, with rising urbanisation, it is likely that the demand for drink water, energy, minerals and farm lands is to outpace the source.

It is important to note all these evaluations are laid even without the [inclusion of the] impact of climate change that is affecting millions of people round the world.

Governments must remember their true identities

Therefore, instead of only focusing on companies, it is time we questioned again the true role of governments as primary providers of public goods and guardians of social progress; for if the companies again fail to manage to do that the already bad situation is bound to get worse. Perhaps it is best to use the following metaphor to make things a bit clearer. In the famous film, Titanic, there were also wealthy aristocrats that were superior to unemployed lesser social classes. However, those who drowned were not only them. If the waters heighten enough, aristocrats will also have to admit that their thick wellies may eventually begin to leak water.

Companies cannot themselves address major global issues. Even if they intend to, they might still fail or be abused. Therefore, it is essential that all nations introduce tough rules for the solution of pressing international issues. Don't you think that it is time governments introduced such regimes that are clear, understandable, far from high taxation and profit making and more importantly one that is using a common paltform of language? Multi-national companies get constantly consolidated or split. Therefore, it is merely naive to maintain to think that a company that is in the heart of a certain business shall still excel in thirty years. On the other hand, is it not a better idea to think that most state institutions shall one way or other do that in the long run taking advantage of their sustainability? Of course, companies seek more opportunities to address isues such as education, skills training, health services, infrastructure and climate change that are in the periphere and agenda of governments mostly. Though ESG is an old concept it is utterly new that countries stake a claim to fill the gaps governments leave in their worst efforts. For instance, more and more companies these days began to provide mental health support for their employees who are allegedly likely to suffer from a major mental health issue by 2030 that may cost 16 trillion USD in total. Nevertheless, these contributions are undoubtedly constructive, yet it is more important to make companies accountability in this area even further more transparant.