

TOBB President M. Rifat Hisarcıklıoğlu:

THE SOLIDARITY OF THE TURKISH NATION FACING THE DISASTER OF THE CENTURY

Great disasters and great sorrows are times when nations' unity, togetherness, brotherhood, and strength are tested. Our nation turned the disaster of the century into the solidarity of the century, ensuring the overcoming of those difficult days. The State and the Nation joined hands, recording once again our spirit of solidarity in history.

We experienced one of the most devastating earthquakes in world history. It is impossible to account for the great economic devastation along with the lost lives and disrupted lives. On this occasion, I extend once again my condolences to our citizens who lost their lives and wish speedy recovery to our injured. The earthquake caused severe destruction in 11 provinces, 124 districts, and nearly 7 thousand villages and neighborhoods, directly affecting 14 million of our citizens. According to the damage assessment studies conducted in the 11 cities affected by the earthquakes, a total of 850 thousand independent sections, including 680 thousand residences and 170 thousand workplaces, became unusable due to severe damage. While nearly 39 thousand buildings collapsed, more than 200 thousand buildings are in heavily damaged condition. Seventy-three percent of bank branches and thirty-four percent of ATMs in the region were out of service due to the earthquake. The production volumes of the OSBs (Organized Industrial Zones) in Adıyaman, Hatay, Kahramanmaraş, and Malatya, which were most affected by the earthquake, decreased by around 70 percent. The estimated cost of the disaster of the century is around 104 billion dollars.

Our unity and solidarity were tested

Great disasters and great sorrows are times when nations' unity, togetherness, brotherhood, and strength are tested. Our nation turned the disaster of the century into the solidarity of the century, ensuring

the overcoming of those difficult days. The State and the Nation joined hands with all their resources, and the entire country came together as one to rush to the aid of our earthquake-stricken brothers and sisters. 150 thousand trucks of relief supplies, 20 million food packages, and 215 thousand containers for temporary shelter were sent to the earthquake zone. In the midst of very harsh winter conditions, we will not forget the tremendous effort of the local and foreign rescue teams who reached the earthquake zone with extraordinary dedication. We extend our heartfelt thanks to each and every one of them.

When we are united, there is no obstacle we cannot overcome

This great disaster has not only provided many lessons but also demonstrated the highest level of solidarity between the state and the nation. Being the children of such loyal and self-sacrificing people should be a source of pride. Once again, in the disaster of the century, we have seen that there is no difficulty, no obstacle that we cannot overcome when we stand together in solidarity as a nation. Just as in every national issue, our Chambers of Commerce and Exchanges, Sector Councils, Women's and Youth Entrepreneurship Committees swiftly mobilized. They immediately sprang into action, mobilizing all their resources to the disaster-stricken area.

We addressed the wounds with a crisis desk

At TOBB headquarters, on the morning of the earthquake, we set up a crisis desk



to assess the needs. We ensured the procurement and delivery of urgently needed search and rescue equipment, as well as supplies for food, water, fuel, heating, blankets, lighting, and hygiene to the earthquake zone. We focused on providing temporary shelter through tents, containers, and heaters. We provided assistance with 4,700 trucks, 7 ships, and 6 plane loads. We dispatched 36 thousand tons of food, 3,900 containers, 6 thousand tents, over 100 thousand heaters, 817 thousand blankets, and 530 tons of fuel. We also facilitated the dispatch of 551 pieces of machinery and mobile cranes to the region. Setting up kitchen facilities in 24 locations, we distributed hot meals to 3.5 million people affected by the earthquake. We ensured the allocation of our Sector Council members' buses for the evacuation of earthquake victims.

The second step: Meeting housing needs

In the subsequent phase, we initiated a campaign with our own resources to meet the need for permanent housing in the region. We allocated all available financial resources to this endeavor. Additionally, we launched various initiatives to revive the

region's economy and employment. Firstly, through the "Supplier From the Earthquake Region Program," we matched companies wanting to purchase goods from the earthquake zone with local producers. We directed National Food Retailers to Secure Supplies from the Earthquake Zone, ensuring the purchase of agricultural and food products remaining in the earthquake zone by national supermarket chains. We ensured support from E-commerce Marketplaces to the producers in the earthquake zone, allowing sellers in the earthquake zone to sell on e-commerce platforms commission-free.

We must lift our people up through production and trade

Our people in the earthquake-stricken areas now need to stand on their own feet by engaging in production and trade. As of January, while 4 out of the 11 affected

provinces have increased their exports, 7 have experienced a decline in exports. Economic activity in these areas has not yet caught up with the pre-earthquake levels. The physical destruction in cities has largely been cleared, and now it is time to ensure that people and businesses return to their normal lives. We must lift our earthquake-affected cities up. We should provide an environment that enables people to continue their lives independently. We need to revive economic activity, and this will be possible through the reconstruction of destroyed homes and businesses.

Supply from the earthquake zone

In this regard, I invite everyone to source supplies from the earthquake zone. This is the best support we can offer to them. We will heal our wounds and lift our earthquake-affected cities back up. Let us not forget that when we come together

hand in hand, there is no difficulty we cannot overcome.

Let us not forget that our beautiful country is prone to earthquakes. Turkey faces a serious earthquake risk. We have experienced significant losses and sorrows due to the lack of science, competence, conscience, morality, and oversight. However, we have seen that the same mistakes are being repeated. Yet, it is possible to reduce the loss of life and damage caused by earthquakes and natural disasters. We must always remember that dying in an earthquake is not fate, and earthquakes do not kill, buildings do. If we learn from our experiences and mistakes, if we heed the warnings of scientists and address our shortcomings, if we stay away from populist practices such as urban renewal and amnesty, and if we build resilient and smart cities, then our strength will be sufficient to withstand earthquakes.



Just a year ago, at the beginning of 2023, economists and market analysts were warning about an impending downturn, stagflation, and potential financial crisis. However, the dire predictions did not materialize, and the global economy entered 2024 with much more optimism. As of today, most major economies are embracing the expectation of a soft landing for 2024. At this point, is it possible to consider alternative scenarios

contrary to the general expectation? It is certainly necessary to consider. Especially, it is necessary to shape the analysis by putting geopolitical front and many unknown parameters at the forefront, leaving aside the predictions.

When we look at the essence of the matter, it is useful to put forth a binary equation for 2024. Either we will experience a tense year filled with economic risks, or we will follow the dominant narrative

and pursue the idea of a soft landing. Nevertheless, let us still dwell on alternative scenarios.

When making predictions about a concept as vast as the global economy, it is clear as day that we should not overly rely on forecasts. Because in the current period, we need to talk about the unknowns lurking on the geopolitical front. When evaluating risks associated with inflation, forecasters need to closely

monitor factors such as monetary growth, inflation expectations, and wage increases.

Geopolitical shocks can hinder growth

It is a fact that reducing poverty and prAs of today, there is a prevailing and encouraging consensus in the markets. However, many factors, especially geopolitical ones, are positioned to derail the global economy. While the worst-case scenarios, including a serious recession leading to credit and debt crises, may not seem highly probable, geopolitical shocks arising from new tensions between the United States and China could hinder growth.

Is it realistic to expect strong global growth in 2024? Frankly, this does not seem very likely. Because the optimism prevailing in the markets today largely stems from expectations of aggressive interest rate cuts by central banks, particularly during the softest periods of soft landings for the US economy. However, it is a fact that central bank policies alone may not be sufficient to ward off the adversities faced by the global economy and to generate the necessary growth momentum. It is necessary to provide a few examples to strengthen this thesis. The likelihood of a recession in the United States is still around 30 percent, compared to the normal yearly rate of around 15 percent. Additionally, the significant efforts of Chinese leaders to restore annual economic growth to around 5 percent imply the emergence of many daunting challenges.

The most at risk are emerging markets

The most vulnerable in today's conjuncture are undoubtedly the emerging markets. If global growth expectations cannot be met, we will witness a period in which emerging markets struggle to prevent a crisis. In other words, weak global growth spells disaster for developing economies. If these countries are to reverse the tide, they should focus their policies on generating a widespread investment boom. It is crucial to avoid policies that often derail economic progress and contribute to instability.



As of today, we must keep in mind the four major challenges the world is facing. These include climate transition, the issue of decent jobs, an economic development crisis, and the quest for a new, healthier form of globalization. Can the challenges facing the global economy be overcome? Absolutely, but only if we act together and embrace a comprehensive struggle. It is time to move away from entrenched ways of thinking and seek creative, actionable solutions. These efforts should initially be uncoordinated and experimental so that subsequent moves can achieve the desired success.

Inflation Outlook to Increase Difficulty

On the other hand, investment firms are expecting further slowdown in 2024. Clearly, many analysts at investment firms are puzzled by the fact that we haven't experienced a significant downturn yet. Of course, the inflation outlook for 2024 poses an even greater challenge. The past few years have shown that inflation can be significantly influenced by uncertainties and unknowns, at least on a headline basis.

A heated debate continues regarding the inflation outlook; some highly respected and experienced businesspeople are expressing doubts about whether central banks have the issue under control. The latest consumer price data for the Eurozone, the United States, and the United Kingdom offer some encouraging news about headline inflation trends, but core inflation (excluding volatile energy and food prices) remains uncomfortably

above central bank target rates.

Of course, in the world's second-largest economy, China, this issue seems to be nonexistent. On the contrary, the latest consumer price data shows deflation with a decrease in the core consumer price index. There was a time when many analysts suspected that China was transmitting deflationary pressures to the rest of the world, especially through low-cost manufacturing exports and increased market share in foreign markets. If we were still in those days, some of the current inflationary fears might have eased. But it seems those days are behind us.

Questions of 2024

What will be the long-term inflation-adjusted interest rates?

Given the turbulence in the real estate sector and the high levels of local government debt, can China prevent a more dramatic slowdown?

Can the Bank of Japan (BOJ), which has maintained interest rates close to zero for 20 years, normalize interest rates without triggering systemic financial and debt crises?

Will the delayed effects of interest rate hikes by the central bank eventually lead the United States into a recession?

Can emerging markets maintain stability for another year?

Finally, what event will trigger the next major source of geopolitical instability?

Will it be China's blockade on Taiwan, former President Donald Trump winning the US presidential elections in November, or could it be an unforeseen event?