

AUGUST 2018

ISSUE: 19

MONTHLY BULLETIN | NAFTC TURKEY

INSIDE THIS ISSUE

Turkey's agricultural decline rings alarm **1**

Chinese investment potential continues to grow in Turkey **2**

OUTOTEC to deliver a 35 MW Biomass Power Plant to Turkey **3**

Turkish minister dubs G20 summit 'extremely fruitful' **4**

Feast of the Sacrifice **5**

UPCOMING EVENTS

05 September – CNR FOOD ISTANBUL 2018 (Food & Beverage, Food Processing, Storage, Cooling Technologies, Logistics and Store Equipment Fair)

12 September – Adviesgesprek @ Sugar City, Halfweg, NL -- Turkey as HUB for the Middle East

Turkey's agricultural decline rings alarm



Over the past several decades, Turkish governments have often opted for the easy way to rein in prices, which is importation. The trend started with Turgut Ozal, who was Turkey's prime minister in the 1980s and an ardent advocate of economic liberalism.

Although such remedies helped curb prices in the short run, they took a toll on local production in the long term. The same mistake is being repeated today in a wide range of agricultural products.

In December 2017, amid prices for beans and other legumes, the government issued a decree zeroing down tariffs of up to 19.5% on white beans, chickpeas and cranberry beans, also known as Roman beans. The government has repeatedly used the importation weapon against rising meat prices as well.

Critics, however, warn that imports can only temporarily rein in prices.

Since 2010, Turkey has imported 2.9 million bovine animals, 2.5 million sheep and goats, and 236,000 tons of red meat. The government is trying to bring market prices down through importation. Yet despite spending \$5.7 billion on livestock and red meat imports, the prices have not fallen as much as expected

With the dramatic depreciation of the Turkish lira, disciplining the market through imports has become even more difficult in the coming period.

Atop imported beans, meat and even straw, Turkey seems to be in need of “imported” shepherds as well. The press reported last week the story of a stockbreeder in the Black Sea province of Rize, who had to bring in a shepherd from Azerbaijan after he failed to find a local hire despite offering a salary above the minimum wage.

Turkish agricultural exports totaled \$193.4 billion in the past 15 years, while agricultural imports were worth \$189.4 billion. The proximity between the two figures can hardly qualify Turkey as an agricultural country. Saribal said that under a 2006 law on agricultural development, the government is supposed to allocate at least 1% of GDP to supporting agriculture. Accordingly, agricultural support should have totaled 188 billion Turkish liras (\$41 billion) in the 2007-2017 period, but in reality, it amounted to only 88 billion liras (\$19 billion). In other words, the government owes 100 billion liras (\$22 billion) to local producers.

Chinese investment potential continues to grow in Turkey

As one of the first and largest direct investors, China's interest in Turkey is increasing while the potential for cooperation grows.

A delegation of Turkish business people led by the International Cooperation Platform (UIP) held meetings in Shanghai. The organization recently established an office in Shanghai and solidified the investment bridge between Turkey and China.

Moreover, Turkish and Chinese investors who plan to carry out investments in Turkey and China came together at a meeting in Istanbul organized by the UIP. Executives from SHMY HealthDigit and Shanghai Le Wei Info-Tech and China's Agricultural Education Development Center Director Zhimin Yan participated in the meeting.

The organizations reportedly expressed the will to evaluate investment opportunities in mining, agriculture, health and fishing sectors.

The executives of SHMY HealthDigit and Shanghai Le Wei Info-Tech told Turkish daily Dünya that they are interested in cooperating with Turkish investors in the electric bus, health, greenhouse cultivation and solar power areas and they are keen to import fruits and vegetables from Turkey. They said that cherry imports from Turkey and the Shanghai Food port can be entry points for Turkish cherries to the Chinese market. "We want to position Turkey as a hub and sell Chinese products to European, Near Eastern and Middle Eastern markets.



OUTOTEC to deliver a 35 MW BIOMASS POWER PLANT to TURKEY

Outotec has signed a contract for the EPC delivery of a new 35 MW gross electrical biomass power plant to be built in Turkey. The order value is approximately EUR 55 million which has been booked in Outotec's 2018 second quarter order intake.

The new plant designed by Outotec will be located close to the biomass sources in the agricultural area, where the disposal from large farms is becoming an environmental concern. The plant will generate green electricity to the national grid and produce clean fertilizers as a byproduct.

Designed to operate below the strict European emission limits, the plant is expected to be fully operational in 2020.

Turkish minister calls G20 summit 'extremely fruitful'

Serious warnings about the protectionist trade policies were voiced at the G20 Meeting of Finance Ministers and Central Bank Governors, Turkey's Treasury and Finance Minister said in the Argentinian capital.

In an exclusive interview with Anadolu Agency, Berat Albayrak said the summit is held at a time when the trade balances have been redefined and the global economy has faced with a tough test with increasing protectionism.

"The protectionist trade policies are likely to cause new troubles both in the productivity and in the fields of production and employment," he said.



"For us, it was a remarkable and crucial meeting including an intense economic diplomacy," Albayrak said, noting that he had bilateral discussions with his counterparts from the U.S., EU, China, Germany, France, Brazil, South Korea, Indonesia and other countries.

"In this sense, the G20 summit was extremely fruitful with a strong communication," the minister added.

Pointing out Turkey's domestic, regional and global economic policies, Albayrak stressed that Turkey demonstrated how the country pursues sharing, win-win-based, active and dynamic policies -- thanks to the projects until today.

"Turkey will experience a much more powerful period in which it will not go through the problems it faced in the past with a new development program, budget plan and macroprudential policies," he said.

Albayrak noted that he found the chance to explain Turkey's transformation and development success stories, while he attended a session as a main speaker to talk about Turkey's infrastructure investments -- valued more than \$400 billion - over the past 15 years.

Feast of the Sacrifice

Due to Sacrifice Feast our office in Istanbul will be closed from monday 17 August until friday 21 August 2018. On monday 24 august we will be at your service again.

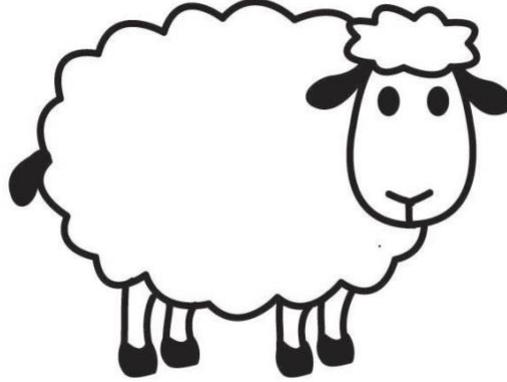
In case of urgent matters please call +31 20 237 3025

MAY YOUR DAY BE FILLED WITH JOY

MAY YOUR HEART BE FILLED WITH HAPPINESS

MAY YOUR LIFE FILLED WITH CONTENTMENT

HAPPY EID!



NAFTC TURKEY



Michael Westenberg, Director (Turkey)

michael@naftc-turkey.com

+31(0)20 491 7173 / +31 (0) 6 1455 55 00



Burçin Sayar Karahan,

Cluster Manager (Turkey & Iran)

burcin@naftc-turkey.com / burcin@naftc-iran.com

+90 (0) 212 274 0153

CONTACT US

Address: NAFTC Turkey Representative Office (operated by the NXT Group of Companies)

Buyukdere Caddesi Oya Sokak No:7 Tumer Plaza Kat:3 D:8 Mecidiyekoy, Istanbul Turkey

Website: www.naftc-turkey.com

Phone: +90 (0)212 274 01 53