

NEWS

Additional Measures Taken Against the Economic and Financial Impacts of the Coronavirus



The measures taken to contain adverse effects of the global uncertainty led by the coronavirus (COVID-19) pandemic on the Turkish economy were announced on 17 March 2020. For the same purpose, the CBRT (Central Bank of the Republic of Turkey) introduces additional measures to strengthen the monetary transmission mechanism by boosting the liquidity of the Government Domestic Debt Securities (GDDS) market, enhance banks' flexibility in Turkish lira and foreign exchange liquidity management, and secure uninterrupted credit flow to the corporate sector, and broadly support the goods and services exporting firms, which are affected by the pandemic, with an SME-focused approach.

For detailed information, please visit [CBRT website](#).

A Variety of Policies to Support Micro and Small Businesses Hit by COVID-19

Small businesses around the world are facing challenging economic conditions under the COVID-19 pandemic. The shutdown of large parts of the world economy has caused a simultaneous and massive shock to supply (for example, availability of workers or of inputs) and to demand (consumption and investment). Specifically, micro, small and medium-sized enterprises (MSMEs) face:



- **Production constraints:** isolation or containment of workers limit production.
- **Access to finance:** MSMEs typically have lower cash reserves and go out of business much faster.
- **Supply chain disruptions:** MSMEs typically have small inventories. Shortages can impact MSMEs faster and harder than large firms. Sourcing from new suppliers or absorbing price increases is challenging for them.
- **Policy uncertainty:** rapid changes in policies pose difficulties for MSMEs navigating through the crisis.

As of March, more than 30 countries have introduced policies to support MSMEs.

For detailed information, please visit [ITC website](#).

The Great Lockdown

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario—which assumes that the pandemic fades in the second

half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.



The risks for even more severe outcomes, however, are substantial. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems.

For the full report, please visit [IMF website](https://www.imf.org).

Turkey Diversifies Its FDI Sources

According to the latest data released by the Central Bank of the Republic of Turkey, the FDI inflows to Turkey have been realized as USD 8.4 billion in 2019, making total FDI inflows to Turkey since 2002 around USD 217 billion.

The manufacturing sector topped the list of the sectoral breakdown, and its share in total FDI inflows increased to 38.2 percent in 2019 from 30.6 percent in 2018. Share of manufacturing in 2003-2019 period was recorded as 24.4 percent.

The regional breakdown also unveiled that the share of Europe in total FDI inflow to Turkey fell to 58.8 percent in 2019 from 63.9 percent in the previous year. This is an indication that Turkey is continuing to diversify its sources of FDI. Share of Europe in 2003-2019 period was recorded as 66.4 percent.

For detailed information, please see [Turkish Perspective](#) magazine March 2020 issue.

SECTORS

Sectoral Reports: Leather Wear



The Turkish leather industry has a history dating back more than 500 years. The sector's production is based on combination of two assets; modern technology and historical background. Today, the sector is known worldwide with its well-designed and fashionable products.

Turkish leather wear industry produces the finest women and men leather garments. Most of the big companies in the sector produce original collections with their own brand names. The sector creates its own fashion by using an unsurpassed blend of colors, patterns, manufacturing care and quality materials. Thanks to these traits of the sector, Turkish leather wear products have a good reputation and are appreciated all over the world.

The leather industry is one of the significant export sectors of Turkey. Sector's annual export value was around US\$ 1.705 million in 2019 and its share in total exports of Turkey was nearly 0,95%. The most important item exported by the leather industry was footwear with a share of 56% in total leather goods exports in 2019.

For the full report, please visit the [Ministry of Trade](http://www.trade.gov.tr) website.

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