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NEWS

Turkish Economy Grows 5.6 Percent in 2022

Türkiye's gross domestic product (GDP) grew 5.6 percent annually in 2022, making it the fastest growing economy in the G20, third in the EU, and fifth in the world. The data unveiled by the Turkish Statistical Institute (TurkStat) revealed that the Turkish economy's robust recovery continued at full speed in 2022. Türkiye's GDP reached USD 906 billion, the highest level in eight years, and GDP per capita hit USD 10,655, the highest level in six years.



In the last quarter of 2022, Türkiye's GDP grew 3.5 percent year-on-year. A closer look into GDP activities demonstrated that the majority of the components, particularly investment expenditure and exports, contributed positively to economic growth.

For the source of information, please click [here](#).

Rethinking Monetary Policy in a Changing World



Monetary theory in economics has consisted of various schools of thought rather than a single unified model. Each of these schools emphasizes different forces that drive inflation and recommends a distinct policy response. Different times have raised different challenges—and each required its own policy approach.

Now, a resurgence of inflation requires yet another shift in emphasis in monetary policy. The predominant intellectual framework central banks have followed since the global financial crisis that began in 2008 neither stresses the most pressing looming issues nor mitigates their potential dire consequences in this new climate.

Following a lengthy period of low interest rates and low inflation, the global economy is entering a phase characterized by high inflation and high levels of both public and private debt. Fifteen years ago, central banks saw an urgent need to incorporate financial stability and deflation concerns into their traditional modeling of the economy and developed unconventional tools to deal with both.

- Public debt is now high, so any interest rate increase to fend off inflation threats makes servicing the debt more expensive—with immediate and large adverse fiscal implications for the government. Since the beginning of the COVID-19 crisis in early 2020, it is also evident that fiscal policy can be a significant driver of inflation.
- Instead of deflationary pressures, most countries are experiencing excessive inflation. That means there is now a clear trade-off between a monetary policy that tries to reduce aggregate demand by raising interest rates and one that aims to ensure financial stability.
- The nature and frequency of shocks have changed. Historically shocks were mostly from increases or decreases in demand—with the prominent exception of the supply shocks during the so-called stagflation of the 1970s. Now there are many shocks: demand vs. supply, specific risks vs. systemic risks, transitory vs. permanent. It is difficult to identify the true nature of these shocks in time to respond. Central bankers need to be more humble.

Monetary policy requires a modified approach that is robust to sudden and unexpected changes in the macroeconomic scenario. Policies that are effective in one macroeconomic environment may have unintended consequences when conditions suddenly change. This article will discuss the main challenges central banks will face, which monetary theories will be in the limelight, and how central banks can avoid becoming complacent and end up fighting the last war.

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

Green Technologies: Coherent Policy Action Needed for Developing Countries to Reap the Benefits

Green technologies – those used to produce goods and services with smaller carbon footprints – are growing and providing increasing economic opportunities but many developing countries could miss them unless national governments and the international community take decisive action.



UNCTAD's [Technology and Innovation Report 2023](#) published on 16 March

warns that economic inequalities risk growing as developed countries reap most of the benefits of green technologies such as artificial intelligence, the Internet of Things and electric vehicles.

"We are at the beginning of a technological revolution based on green technologies," UNCTAD Secretary-General Rebeca Grynspan said. "This new wave of technological change will have a formidable impact on the global economy. Developing countries must capture more of the value being created in this technological revolution to grow their economies." Ms. Grynspan added: "Missing this technological wave because of insufficient policy attention or lack of targeted investment in building capacities would have long-lasting negative implications."

UNCTAD estimates that the 17 frontier technologies covered in the report could create a market of over \$9.5 trillion by 2030 –about three times the current size of the Indian economy. But so far, developed economies are seizing most of the opportunities, leaving developing economies further behind.

The total exports of green technologies from developed countries jumped from around \$60 billion in 2018 to over \$156 billion in 2021. In the same period, exports from developing nations rose from \$57 billion to only about \$75 billion. In three years, developing countries' share of global exports fell from over 48% to under 33%.

UNCTAD's analysis shows that developing countries must act quickly to benefit from this opportunity and move to a development trajectory leading to more diversified, productive and competitive economies. Previous technological revolutions have shown that early adopters can move ahead quicker and create lasting advantages. The report includes a "frontier technology readiness index" that shows that very few developing countries have the capacities needed to take advantage of frontier technologies. These include blockchain, drones, gene editing, nanotechnology and solar power.

Green frontier technologies such as electric vehicles, solar and wind energy, and green hydrogen are expected to reach a market value of \$2.1 trillion in 2030 – four times greater than their value today. Market revenues for electric vehicles could rise five times to reach \$824 billion by 2030 from today's value of \$163 billion.

The index ranks 166 countries based on ICT, skills, research and development, industrial capacity and finance indicators. It's dominated by high-income economies, notably the United States, Sweden, Singapore, Switzerland and the Netherlands.

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

SECTORS

Türkiye's Automotive Production Up 6% in February



Türkiye's overall automotive production grew 6% year-on-year in February, according to a report from the Automotive Manufacturers Association (OSD). A total of 111,959 vehicles were manufactured in the country last month, the report showed. Passenger car production also increased 3.6% from a year earlier, to 61,544 in February.

The country's automotive exports were broadly unchanged at 78,764 units in February, reaping \$2.7 billion of income. Türkiye's auto sales market widened by 63% annually to 84,826 units in February,

the report said. In January-February, automotive production surged 14.1% from a year earlier to 223,796 units, including 134,474 passenger cars. Türkiye's automotive market grew by 50.8% year-on-year to 138,405 vehicles in the 2-month period.

For the source of information, please click [here](#).

Sectoral Report: Machinery

The machinery sector is one of the key growth factors of Türkiye's economy and the driving force of industrialization. Utilizing policies toward industrialization, Türkiye became the sixth-largest machine manufacturer in Europe, ranked 27th in the global machinery trade in 2020. In recent years, the growth rates of the Turkish machinery industry are much higher than the growth rates of Türkiye's overall economy. With its rapid development and the potential it has, the Turkish machinery industry is increasing its share in the Turkish exports and it is the second largest sector in Türkiye's total export. Moreover, approximately 60% of Turkish machinery export is directed to the EU and the USA.

The Turkish machinery sector attaches great importance to R&D activities. Turkish Machinery facilitates digital transformation, with expertise in systems engineering. Therefore, R&D expenditures have an important place in this development of the industry. The 7.6-fold increase in R&D expenditures in the last 10 years has played a major role in the development of the machinery industry. Within the scope of the importance given to R&D, the number of R&D centers in the machinery industry, which was 117 in 2017, reached 174 as of July 2022.



The machinery industry has the ability to produce many kinds of machines at the point it has reached today. Production and exportation are carried out in a wide range ranging from many niche productions to machinery producing machines (machine tools). For instance; CNC machining; construction and mining machinery; agricultural and forest machinery; food processing machinery; plastic and rubber processing machinery; pumps and compressors; reactors and boilers; turbine, turbojet, turbopropeller, hydraulic cylinders and components; air conditioning machinery; rolling and casting machines; machines for paper production and printing; textile and apparel machinery; leather processing and manufacturing machines.

As machinery is a pioneering sector of development, the Turkish machinery has increased its share in Turkish exports consistently. In 2021, Türkiye's machinery exports reached 25.1 billion US Dollars, which corresponds to 10 per cent of Türkiye's total exports. Over the last 20 years, machinery export has increased 15-fold and the sector has exported to more than 200 countries, including free zones. Machinery products rank first in our exports to Germany, the USA and Russian Federation.

For the full report, please visit [Ministry of Trade website](#).

EVENTS

Türkiye's National Participations at Exhibitions

Turkish companies from various sectors will participate in the exhibitions listed below:

EXHIBITION	DATE	SECTOR	PLACE
LONDON BRIDAL FASHION WEEK	Mar 19-21, 2023	Bridal Fashion Industry	London, UK
PROWEIN	Mar 19-21, 2023	Wine and Alcoholic Beverages	Dusseldorf, Germany
IFE LONDON	Mar 20-22, 2023	Food and Drink	London, UK
JIS MIAMI SPRING	Mar 26-28, 2023	Jewelry	Miami, USA
MOSBUILD	Mar 28-31, 2023	Building, Construction	Moscow, Russian Fed.
SIAL AMERICA	Mar 28-30, 2023	Food and Beverage	Las Vegas, USA
EXPOCOMER	Mar 28-30, 2023	General Trade	Panama, Panama
HUNGAROTHERM	Mar 29-Apr 02, 2023	Climatization	Budapest, Hungary
ISM JAPAN	Apr 12-14, 2023	Sweets and Snacks	Tokyo, Japan
EXPO MECHANICA	Apr 14-16, 2023	Automotive	Porto, Portugal
CANTON FAIR, PHASE 1	Apr 15-19, 2023	Electrical Home Appliances, Lighting...	Guangzhou, China
BAU	Apr 17-22, 2023	Building, Construction	Munich, Germany
HANNOVER MESSE	Apr 17-21, 2023	Automation, Energy, Mechanics	Hannover, Germany
COVERINGS	Apr 18-21, 2023	Natural Stone, Floor Coverings	Orlando, USA
ISM	Apr 23-25, 2023	Sweets and Snacks	Cologne, Germany

Send Us Your Inquiry

For your inquiries about Turkish exports,
please contact << ihticari@trade.gov.tr >> by indicating
the Harmonized System (HS) Code of the product/sector of your interest.

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