

**BRIEFING** Turkish exports began the new normal with records  
**INDEPT** Istanbul to be the new hub of health tourism  
**INVEST** Peak Games became the first unicorn of Türkiye

# The **Turkish** Perspective

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ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

## TÜRKİYE RISING WITH NATIONAL INDUSTRY

*Türkiye has succeeded in reducing its foreign dependency in many fields, especially in the defense industry, has also increased the exports of value added national technologies.*

# Editorial



İsmail GÜLLE  
Chairman of Turkish Exporters Assembly (TİM)

## Türkiye continues to amaze Türkiye rises through national unity

*We believe time will be on our side, on Türkiye's and companies that invest in these lands.*

### DEAR FRIENDS,

International associations and economists always consider one thing that is unique to Türkiye when they announce their economic growth estimates: national unity spirit.

However, an economist should employ the characteristics of a historian, politician, and a philosopher, according to the renowned economist John Maynard Keynes. He believes that an economist should consider what is specific from a wider perspective and remark both the abstract and the concrete. According to Keynes, an economist should explore today under the past and for the interest of the future.

If the economists and associations evaluated the Turkish economy under this perspective, they could have predicted a much stronger performance.

The expectations for a decline in the Turkish economy increased in 2019 as the global trade wars and barriers jumped, but Türkiye grew by 1 percent during this

period. The first quarter of 2020 hit all the countries around the world. While all the strongest economies of the European Union declined, with Germany in lead, as well as the US and China, Turkish economy grew by 4.5 percent. Undoubtedly, Türkiye's economy will experience a slowdown in the second quarter of the year, but it won't be overly damaging. Our exports performed above the normal in June despite the pandemic and increased by 16 percent in June, compared to the same month of the previous year. The strong growth in other indices including exports signal that Turkish economy will prove the economists wrong in their 2020 estimates.

Another point that the economists miss about Türkiye is that our country has the ability of taking swift actions after every crisis. The strongest example of this argument was the aftermath of the coup attempt by FETO four years ago. This attempt strengthened the national unity spirit among the Turkish public and

business world. Türkiye eliminated this threat, initiated an awakening across the world, and gathered huge support from its allies across the world. This spirit came to life once again during the pandemic and Türkiye continued to produce despite the outbreak. It showed that Türkiye is a safe haven. The production strength of our country with our governments' strong endenization policies during the last 20 years and over 74,000 companies with foreign capital accounted for this success.

We believe time will be on our side, on Türkiye's and companies that invest in these lands. Every day we see a new development that support our argument.

Just as Keynes said, the present should be considered under the past for the future interests. Türkiye is a country with targets. It has the necessary production strength to reach three targets and is open to all kinds of cooperation.

That's why, we as the Turkish Exporters Assembly invite you to be a part of our dreams.

Turkish economy  
grew by 4.5  
percent.

# July 15 Coup Attempt and People's Victory



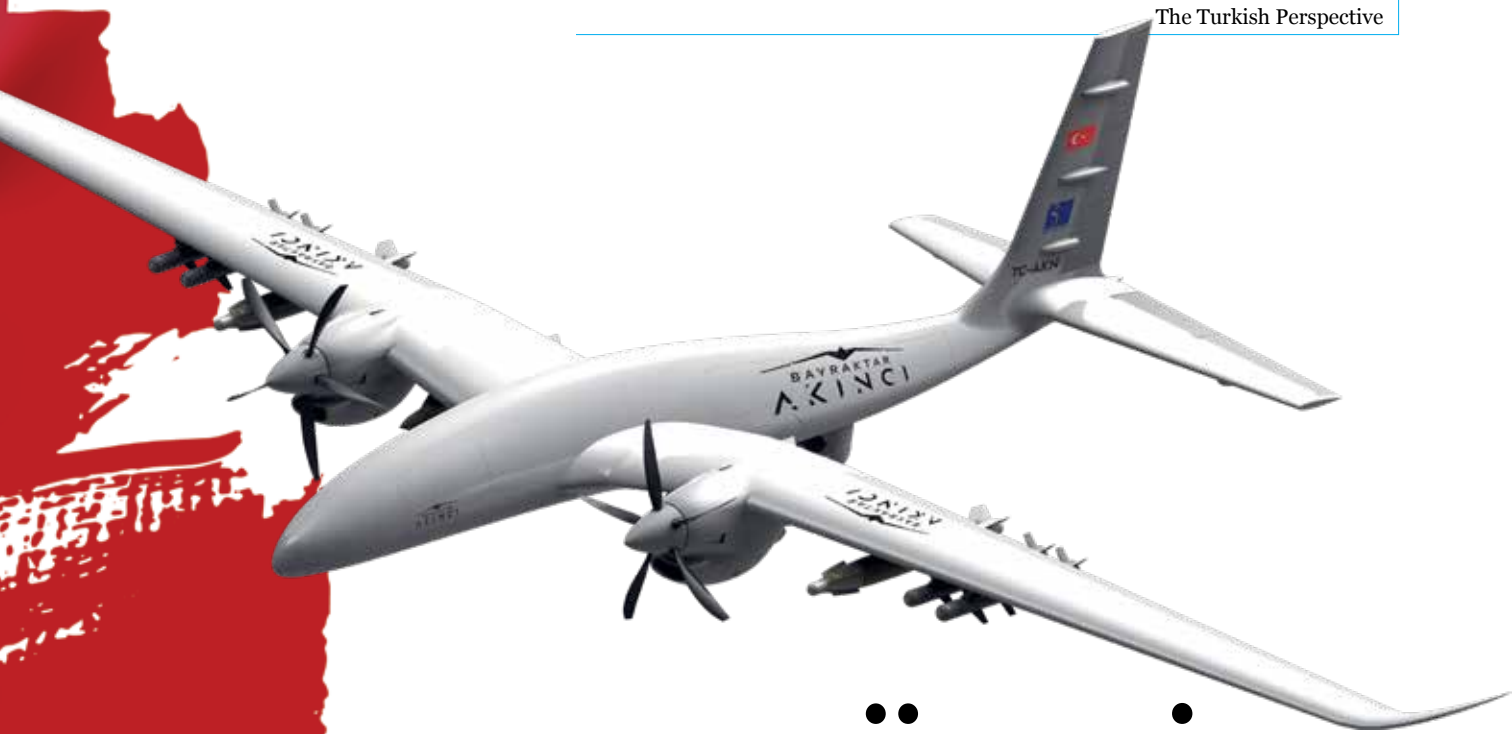
*The date of July 15 was declared as an official holiday in 2017 under the name of Democracy and National Unity Day in order to commemorate the martyrs in the coup attempt.*

**AT AROUND** 10 p.m. on Friday July 15, a group of officers within the Turkish army associated with the Fetullah Terrorist Organization (FETO) launched a coup attempt at the General Staff Headquarters that was suppressed after almost 22 hours. World leaders strongly reacted against the coup attempt. They displayed a unity of opinion on the side of elected leaders and democracy.

President Erdoğan, chairmen of the ruling and opposition parties, Prime Minister of the Turkish Republic of Northern Cyprus (TRNC) Hüseyin Özgürgün, high ranking administrative and military officials attend the “Democracy and Martyrs’ Rally” at Yenikapı, Istanbul.

5 million people attend the rally at Yenikapı in support of democracy, and Jewish, Christian and Muslim religious leaders take a united stand against the coup attempt.





# TÜRKİYE RISING WITH NATIONAL INDUSTRY

*Türkiye has strengthened the spirit of national unity and accelerate their domestic technology investments by eliminating the attempted coup of Fethullah Terrorist Organization (FETO) four years ago. Türkiye has succeeded in reducing its foreign dependency in many fields, especially in the defense industry, has also increased the exports of value added national technologies. Türkiye, demonstrated a successful crisis management during the pandemic also gave the message of being reliable supplier country.*



# SINCE 2016, July has become a major turning point in the history of Türkiye's political and economic history. The attempted coup by Fethullah Terrorist Organization (FETO) was eliminated by the people's owning democracy as well as the political authority.

**TURKIYE'S** business world and its economy have begun a transformation in this period. The coup attempt, that had a negative impact on Türkiye's economic growth and development, has improved the spirit of togetherness. Considering that the coup attempt was carried out under the control of external powers, the state administration and business world accelerated to reduce the country's foreign dependency in every field. The largest contribution was made by the umbrella organization of 95 thousand exporters, Turkish Exporters Assembly, as the biggest foreign currency earners. Thus, the

national economy began to recover in a short time. The country's export growth rate in five years was about 20 percent.

During the COVID-19 outbreak, the spirit of unity formed had great gains for the country. Türkiye's industries have not stopped the production with its raw material stock, its human resources and managing risk during the COVID-19 pandemic period, when to global trade came to a standstill. The textile and ready-made garment sector, one of the most important industries in the country, supported the production of protective clothing and masks, and the chemical

industry to fight the epidemic from disinfection products.

Türkiye produced respiratory devices, being one of the few countries that could, by transferring technology gained in the national defense industry to domestic health equipment production. Numerous countries that experienced disruptions in the supply chain during the pandemic were looking for an alternative producer country besides China, along with the normalization process. Türkiye, is moving towards becoming the shining star of the new countries of the world with its technological investments and production.

## What happened in July 15th and after was not forgotten...

The July 15 coup attempt went down in history as a military coup attempt by a group of soldiers who identified themselves as the Peace Council at the Turkish Armed Forces. On the evening of July 15, the official website of the Turkish Armed Forces and the statement published on TRT announced that the army seized the government and declared martial law and curfew in the

country. President Recep Tayyip Erdogan, who was in Marmaris during the coup attempt, called on the public to react to the coup and protect democracy in the connection he made through FaceTime in CNN Türk. After the call, anti-coup protests have been held in many provinces of Türkiye.

The coup attempt was suppressed on the morning

of July 16, as a result of the operations carried out by the personnel of the Turkish Armed Forces and the General Directorate of Security, and the soldiers surrendered with their weapons. The date of July 15 was declared as an official holiday in 2017 under the name of Democracy and National Unity Day in order to commemorate the martyrs in the coup attempt.



### **TÜRKİYE CAN TAKE FAST ACTION IN CRISES**

Turkish Exporters Assembly Chairman İsmail Gülle said, "Turkish business world, especially our exporters, is capable of rapid action taken in times of crisis," and noted that this feature came forward in pandemic process that affected the world. Gülle emphasized that Türkiye continued its production at a time when the world stopped producing. Reminding that they did not stop production in the coup attempt on July 15 as exporters, Chairman Gülle said, "At that time, our exporters gave the message that they would continue to produce for the country by being in charge of the production. Each exporter talked with customers abroad and gave a message of trust. As Turkish Exporters Assembly, we have engaged in various lobbying

activities and we begin to collect the fruits of good relations. We have reached the record levels of our Republic's history in exports."

### **RECOVERY ACCELERATED WITH SECTOR AND MARKET DIVERSITY**

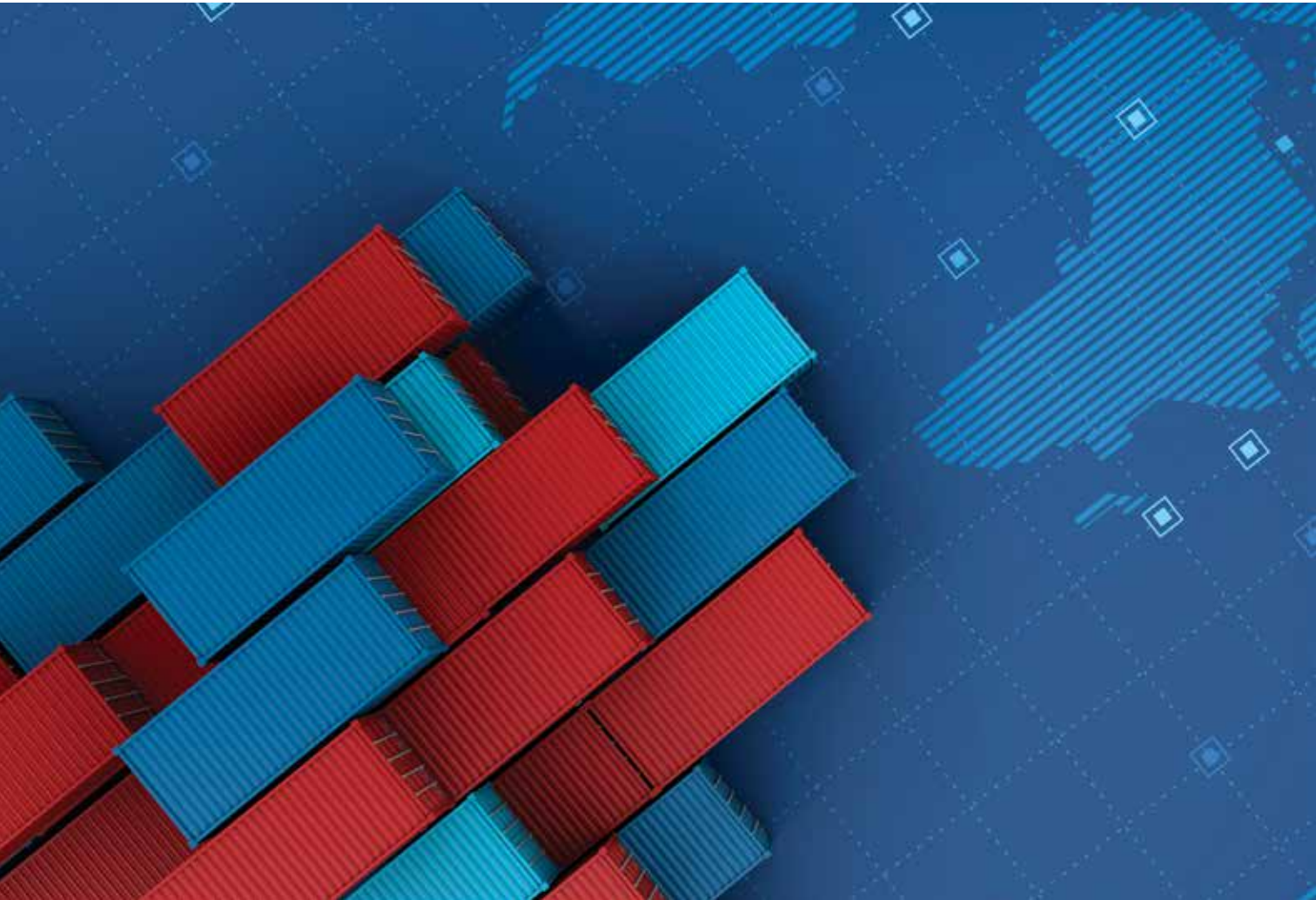
Nearly 100 billion dollars of money that were smuggled abroad through companies associated with the FETO Terrorist Organization had a negative impact on the economy in this process. Despite all this, in the four years since the coup attempt, the government, banks and exporters worked in harmony with each other and managed the process very well. Domestic investments did not slow down.

As the ties of the members severed from public institutions, politics and military, the focus of the institutions was limited

to their areas of responsibility. Türkiye prioritized the growth of the domestic industry with oriented economy. In the last four years, while the country's export has reached historic records, the rate of localization in production and exports has started to increase. In addition to increasing exports, alternative export markets were created and bilateral new agreements were signed with many countries. The current account deficit has decreased slightly in the last four years.

### **THE ECONOMY IS GROWING WITH EXPORTS**

Türkiye's economy, which grew 6.1 percent in 2015, performed poorly with 2.9 percent after the coup attempt in 2016 due to the negative effects. Although the unity spirit struggle of the political and private sector has brought



growth to 7.4 percent in 2017, the growth decreased to 2.6 percent in 2018, due to the uncertainties, trade wars and obstacles experienced in the global economy and 0.9 percent in 2019. Türkiye's economy grew 4.5 percent in the first quarter of 2020, when major economies shrunk due to the COVID-19 pandemic.

The biggest driving force of the economy was exports. Türkiye's overall exports, in 2019, Türkiye broke an export record of 180 billion dollars. The number of Türkiye's exporters rose to around 100 thousand.

#### **TÜRKİYE BECAME THE THIRD COUNTRY WITH THE HIGHEST AID**

Türkiye passed the epidemic test with the diversity of the sectors making it an important production center. Türkiye has not stopped production in March

#### **The 7th most popular country in Europe in terms of FDI**

According to EY's (Ernst & Young) European Country Attractiveness Survey in 2018, Türkiye became the seventh most popular country in Europe in terms of Foreign Direct Investment. Türkiye has created 261 projects in 2018, increasing the number of projects by 14 percent annually. This figure increased to 209 billion dollars in the period 2003-2018. While the number of companies with international capital in Türkiye was 5,600 in 2002, by the end of 2018 this figure has reached 65 thousand and 533. Türkiye received 65.1 billion dollars in foreign direct investment between the years 2015-2019.

The United Nations Conference on Trade and Development (UNCTAD) reported that global direct foreign investments are expected to decrease by 40 percent in 2020 due to the economic downturn caused by the COVID-19. On the other hand, UNCTAD stated that Türkiye will become more attractive in terms of new investments, as Türkiye proved to be a reliable supplier during the pandemic, with its geographical location and its production power. T. C. Vice President Fuat Oktay announced that, they are carrying out the preparations of a road map that will attract investments.



65,1  
billion dollars

The amount of foreign investments coming to Türkiye in last five years

16,8  
billion dollars

Overseas investment amount of Turkish companies in 2015-2019

%19,8

Increase in exports between the years 2015-2019

and April, when the COVID-19 epidemic spread rapidly, and supplied the globe with the agricultural and food products, renewing confidence. Türkiye proved once again being a safe haven for trading partners; especially for the EU. Türkiye has played a leading role in the supply of masks and protective gear during the pandemic. In a statement from the Ministry of Foreign Affairs, it has been mentioned that aids have been delivered to about 40 countries, including United Kingdom, Italy and Spain. During the pandemic, Türkiye became the third country in the world that most aid after China and the United States.

#### PRODUCTS DIVERSIFIED, SECTORS GREW

To reduce dependence on foreign defense industry for the last 20 years, especially in

carrying out studies for local and national technology Türkiye has increased its investments in the field of domestic technology after the coup attempt. With the Technology Focused Industry Mobility Program, published in 2019, investments to increase the production of high value added products in the middle-high and high-tech sectors and products of critical importance for the development of these sectors will be supported. Türkiye aims to create at least 23 smart products to be a global brand in at least one of the new fields that are called disruptive technologies.

#### DEFENSE INDUSTRY PLAYED A LEADING ROLE

With the national technology move, the domestic production of critical technologies in the defense industry and the rate of domestic product use rose from 20 percent to 68 percent. The target of rate of domestic products is 75 percent for 2023. Defense industry exports also increased significantly. There are nearly 700 projects with a financial value of 75 billion dollars, led by the Defense Industry Directorate.

#### EXPORTS INCREASED BY 40 PERCENT

According to the 2019 report prepared by the Defense and Aviation Industry Manufacturers Association (SaSaD) for defense industry performance data; exports of the defense industry sector were at 3.1 billion dollars. Defense industry's total domestic and international sales in 2019 amounted to 10.9 billion dollars. Imports were amounted to 3.9 billion dollars, while R&D expenditures were at 1.7 billion dollars in this sector. In the report, it was reminded that total exports were amounted to 2.2 billion dollars in 2018, while an annual increase of 40 percent.

#### TÜRKİYE EXPORTS WARSHIPS AND HELICOPTERS

The national production move launched 15 years ago with projects such as ALTAY, ANKA, ATAK, BAYRAKTAR, HÜRKUŞ and MİLGEM enabled the Turkish Armed Forces to supply the land, sea, air, and weapon and radar systems from domestic companies. In addition, acceleration in medium and high



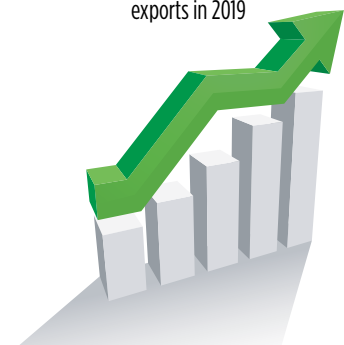
technology exports was also gained.

The biggest steps to increase defence industry exports to allied countries were 30 ATAK helicopters and 4 MİLGEM projects with Pakistan. Both agreements are considered the biggest export of the defence industry in one item.

Since the engine used in ATAK helicopters is a joint production of US and UK companies, an export permit is required from the USA. For this reason, the fact that exports have not been realized yet reveals the importance of domestic production. President of the T. C. Presidential Defence Industry, Dr. İsmail Demir underlines that the work on the domestic helicopter engine is continuing and that the domestic engine is planned to be used in the ATAK helicopter two years later.

3,1  
billion dollars

Türkiye's defense industry exports in 2019



## TÜRKİYE WILL STAND OUT AT HEALTH TECHNOLOGY

The beginning the transfer of the gains achieved in other sectors of Türkiye's defence industry was another gain. "We were drawing attention to the fact that the technologies developed in the defence industry were used by our companies in the health sector long before the epidemic," said Prof. Dr. Demir and added, "ASELSAN have speed up some of it works and ventilation device was created. We have passed the test with the participation of four companies, two of them from the defence industry. We expect the supports given to various countries will provide Türkiye a good image in the long term and aim to increase our exports with the positive contribution. The studies in Türkiye has been carefully monitored in the world and from various countries at local production, co-production or demand quickly began to come in direct procurement issues. This means that the technology in Türkiye, was instrumental in implementing the recognition in the health field."

With the engineering and technological competencies of ASELSAN and BAYKAR and with the support of Arçelik in mass production, the ventilator devices, which have been developed in a very short time, have become a product used in hospitals. The cooperation between the three companies and their suppliers in this process was a valuable example for the spirit of national unity created.

## NATIONAL ELECTRIC TRAIN IS ALSO READY

Another area in which the national technology moved forward was the railways. The factory tests of the National Electric Train Factory Test Kit, developed by Türkiye Wagon Industry Inc. (TÜVASAŞ), began last month. It was stated that the rate of locality was 60 percent in the prototype set, and it was emphasized that the rate of locality would be increased to 80 percent with mass production.



Turkish-made respirators are being used in many continents from Brazil to Somalia.

## The best examples showing the capabilities of local technology Türkiye



It is aimed to make the first flight of the National Combat Aircraft (MMU), developed by TUSAS/TAI, in 2023. If the project goes as planned it will make Türkiye a country that has the infrastructure and technology to produce 5th generation combat aircrafts with the US, Russia and China.

The Multi-Purpose Amphibious Assault Ship TCG Anadolu, which is under construction in Tuzla shipyards, will be the largest sea platform in the inventory of the Turkish Armed Forces when completed. With the delivery of TCG Anadolu

in 2021, Türkiye will be able to build such a product and have the chance to export.

Baykar, which develops technology in the defense industry, has exceeded the imports with the UAV (Unmanned Aerial Vehicle) and SiHA (Unmanned Armed Aircraft).

Türkiye's ability to send its own system into space was also increased with Space Agency which is established last year. Agency will develop national communication and reconnaissance observation satellites, "Türksat 6A" and "Göktürk renovation" projects.