

MONTHLY BRIEF



MAY
2019



MONTHLY BRIEF

ABOUT **DEİK**

Upon its establishment in 1986, the Foreign Economic Relations Board of Turkey (DEİK) was assigned with the following tasks: to organize and manage the foreign economic relations of the Turkish private sector, in particular with respect to foreign trade, international investments, services, contracting and logistics; to analyze investment opportunities at home and abroad; to help boost the country's exports, and to coordinate similar business development activities. DEİK operates through its Business Councils.

ABOUT **TAİK**

The Turkey-U.S. Business Council (TAİK) is Turkey's oldest business council. Established in 1985, TAİK's mission is to enhance trade and investment relations between Turkey and the United States. TAİK operates under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK). TAİK has a clear mission: to bolster trade and economic relations between Turkey and the United States. TAİK works with American and Turkish companies to bolster their strategic partnerships, and to promote Turkey's strengths as a destination for American investment.



U.S. Halves Special Tariffs on Turkish Steel Imports

The Trump administration trimmed special tariffs on steel imports from Turkey to 25%, the White House said in May, after having raised the duty to 50% last year.

Turkey and many other U.S. trade partners were hit with broad steel and aluminum tariffs a year ago under a rarely used U.S. national-security law. Trump and Erdogan pledged to boost bilateral trade after the pastor, Andrew Brunson, returned to the U.S. in October. The White House said in a formal proclamation that it would reduce the tariff on Turkish steel to 25%, effective May 21, matching the duty on other economies, including the European Union.

[Click here to read more...](#)

Turkish Industrial Output Rises 2.1% in March

Turkey's industrial production posted an increase of 2.1 percent month-on-month in March, according to data released May 14 by the Turkish Statistical Institute (TÜİK).

Among three main sub-indices, mining and quarrying rose 4.1 percent while manufacturing increased 2.2 percent, according to a TÜİK statement. The third index - electricity, gas, steam and air conditioning supply - dropped by 0.6 percent during the same period.

TÜİK data, however, showed that industrial production dropped to 2.2 percent in March, compared with the same month last year. When the subsectors of the industry were examined annually, only the mining and quarrying index saw an increase, up 2.2 percent. The manufacturing index fell by 2.6 percent, and electricity, gas, steam and air conditioning supply decreased 0.7 percent year-on-year in March.

[Click here to read more...](#)

Turkish Banks Prepare for \$2 Billion Fund to Manage Energy Loans

Turkish banks are reported to be working on a plan to set up a \$2 billion fund to manage energy loans and are discussing ways to manage the sector's non-performing exposure with foreign lenders.

Details about the energy fund announced by Treasury and Finance Minister Berat Albayrak in April during the presentation of the economic reform package have begun to be clarified. The energy fund will work differently than real estate. The said project foresees the establishment of a fund for each energy project that has bad loans. Banks, on the other hand, will form a joint management company for the continuation of economic activities of companies to be incorporated into the energy fund.

The joint portfolio management company will manage the energy companies in these funds, which will be established jointly or separately by the banks. The joint company to be established under the management of voluntary banks will be in charge of electricity sales, natural gas purchase and technical maintenance of projects in the funds.

Garanti Bank Executive Vice President Ebru Dildar Edin also shared the energy sector figures, saying that the total amount of loans extended by banks to the energy sector was \$70 billion and that while \$23 billion of these loans were paid, there was an unpaid or ongoing loan amount of \$47 billion. She also added that \$40 billion of this figure was in production facilities, while distribution facilities held the remaining \$7 billion.

[Click here to read more...](#)

Turkey Lures \$466M Investment from Asia

Asian investments in Turkey amounted to \$466 million as of end-March, according to data from the Turkish Central Bank, compiled by Anadolu Agency.

Total foreign direct investment (FDI) inflows into Turkey declined slightly to \$835 million in March from \$835 million a year ago. Data showed that Asian investors top the list with \$466 million worth of investments, followed by Europeans with \$342 million. In March \$10 million worth of FDI originated from the U.S while another \$2 million came from Africa. Thus, Asians' share in total FDI inflows stood at 56.8 percent. The figures also revealed that among Asian investors, Azerbaijan was the top investor in March this year with \$427 million.

In March 2018, Asian investors poured only \$54 million into Turkey in the form of FDI, while Europeans took the lead with \$751 million. The U.K. (\$253 million), Italy (\$22 million) and France (\$12 million) were the top three European nations investing in Turkey. Austrian-originated FDI inflows declined to zero in March this year from \$250 million a year ago.

[Click here to read more...](#)

Turkey Imposes Settlement Delay on FX Purchases More than \$100,000

The settlement date for FX purchases by individuals of more than \$100,000 - or equivalent in other currencies - will be the following day, the letter sent from the watchdog to banks showed.

Turkey's BDDK banking watchdog on Monday imposed a settlement delay for FX purchases by individuals of more than \$100,000, a move that could raise concerns about capital control in the country as it looks protect the value of its local currency.

Authorities have recently taken unorthodox steps to protect the local currency, including state banks selling dollars to prop up the lira. Ankara also raised a tax on some foreign exchange sales to 0.1% from zero last week, in an effort to discourage Turks converting savings to foreign currencies.

[Click here to read more...](#)

Fitch Holds Turkey Rating at BB with Negative Outlook

Fitch Ratings has affirmed Turkey's credit rating at "BB" with a negative outlook. Citing declaration in growth, "The slowdown will challenge a long-standing commitment to fiscal discipline that underpins strong public finances relative to rating peers," Fitch Rating said.

The currency recovered most of its losses after significant tightening by the country's central bank. The Turkish economy expanded by 1.6 percent year-on-year in the third quarter the country's statistical office announced Dec.10. "The negative outlook reflects the significant and multifaceted risks to the adjustment path posed by economic policy settings, domestic political and geopolitical risks and global financing conditions" Fitch said.

[Click here to read more...](#)

Delivery of S-400 Systems May Be Delayed After June: Defense Minister

The delivery of Russian-made S-400 systems to Turkey might be delayed until after June, but they would be deployed in the following months, Defense Minister Hulusi Akar said on late May 27.

The deployment of the air defense systems "may not reach June, but they will arrive in the following months. The process has started," Defense Minister Akar said.

"There are some details about the agreements we have made regarding the procurement of the S-400, within the framework of the contracts. Related institutions, organizations continue to negotiate about them," the minister said when asked about the deployment schedule. The minister said Ankara is still considering possible locations to deploy the S-400 systems, Akar added.

[Click here to read more...](#)



UPCOMING EVENTS

10TH TURKEY INVESTMENT CONFERENCE, 25 September 2019



The 10th Turkey Investment Conference will be held on September 25th, 2019 in New York, NY.

Further details will be announced soon.



REFERENCES

A News

Hurriyet Daily News

MarketWatch

Reuters



DEPUTY SECRETARY GENERAL

Merih KEPEZ ÖRNEK

mkepez@deik.org.tr

BUSINESS COUNCIL COORDINATORS

Murat Can MENTEŞ

mmentes@deik.org.tr

Melike HOCAOĞLU

mhocaoglu@deik.org.tr

Selin ERGENE

sergene@deik.org.tr

RIVER PLAZA Büyükdere Cad. Bahar Sok. No: 13/10 34394 Levent / İSTANBUL / TURKEY

T: +90 212 339 50 00

F: +90 212 270 35 92

E-mail : americas@deik.org.tr | taik@deik.org.tr

Web : www.deik.org.tr | www.taik.org.tr

Twitter : @deikiletisim | @taikofficial

