

MONTHLY BRIEF



DECEMBER
2018



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.



HIGHLIGHTS ON U.S. ECONOMY & TURKEY-U.S. TRADE

\$20.7
TRILLION

U.S. Real GDP increased at an annual rate of 3.5% in the third quarter of 2018, according to “second” estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 4.2% (revised).

3.7%

U.S. total nonfarm payroll employment increased by 155,000 in November, and the unemployment rate was unchanged at 3.7%. Employment increased in healthcare, manufacturing, transportation and warehousing.

2.2%

U.S. Consumer Price Index for all urban consumers was unchanged in November on a seasonally adjusted basis. Over the last 12 months, the all items index increased 2.2% before seasonal adjustment.

\$141.5
BILLION

U.S. exports of goods in October 2018 decreased by 0.3% to \$141.5 billion compared to previous month.

\$219.6
BILLION

U.S. imports of goods in October 2018 increased by 0.2% to \$219.6 billion compared to previous month.

\$8.3
BILLION

U.S. exports of goods to Turkey in October 2018 decreased by 30.4% to \$640.9 million compared to previous month. **Total U.S. exports to Turkey in the first ten months of 2018 has reached to \$8.3 billion.**

\$9.1
BILLION

U.S. imports of goods from Turkey in October 2018 increased by 23.8% to \$994.5 million compared to previous month. **Total U.S. imports from Turkey in the first ten months of 2018 has reached to \$9.1 billion.**

37th

Turkey has been U.S.’s 37th largest export market in the October 2018. **Leading U.S. exporting industries to Turkey** in October were **aircrafts and spare parts** (\$135.8 million), **mineral fuels** (\$77.4 million), **iron and steel products** (\$70.4 million), **machinery and spare parts** (\$56.7 million), and **electrical machinery, equipment and spare parts** (\$37 million) which in total comprise 58.8% of overall exports to Turkey in October.

31st

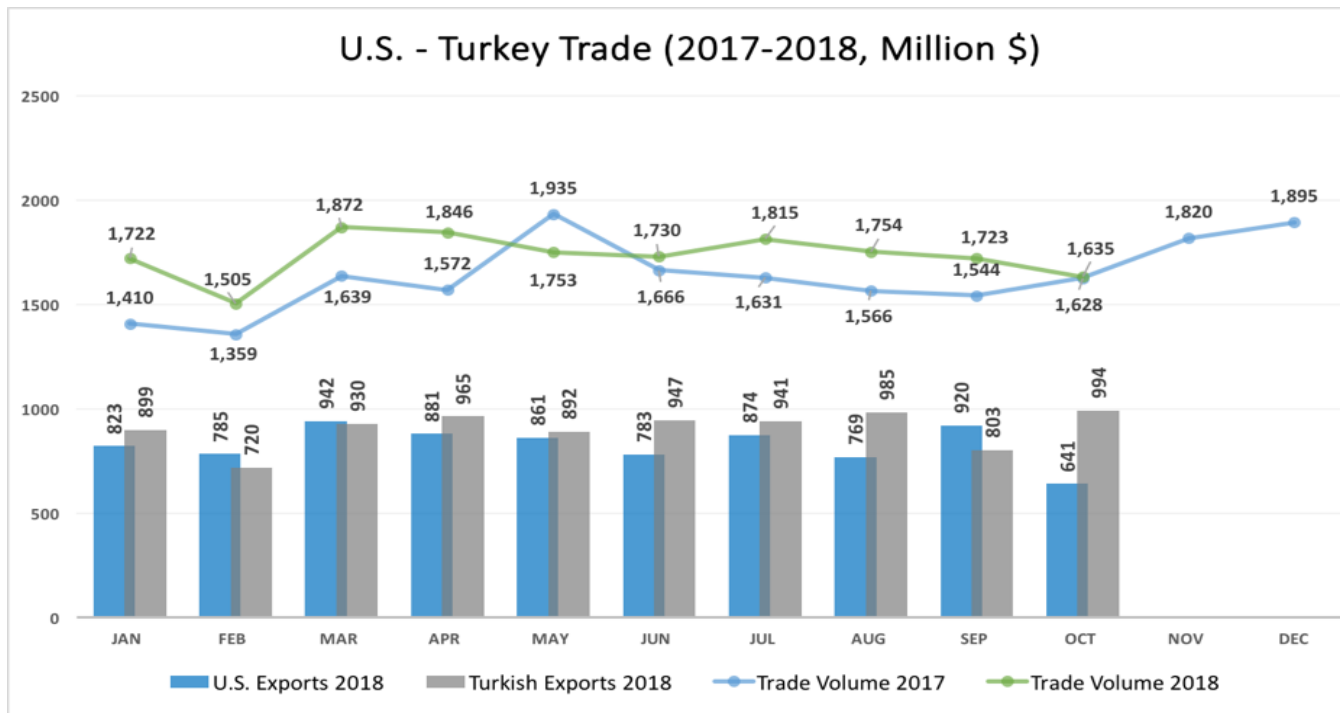
Turkey has been U.S.’s 31st largest sourcing market in October 2018. **Leading Turkish exporting industries to U.S.** in October were **motor vehicles and spare parts** (\$105.7 million), **machinery and spare parts** (\$98.5 million), **carpets and other textile floor coverings** (\$58.5 million), **precious stones and jewelry** (\$47.9 million), and **articles of iron and steel** (\$44.2 million) which in total comprise 35.8% of overall exports to the U.S. in October.

**\$4.25
BILLION**

Total assets of Turkish majority owned bank and non-bank U.S. affiliates has been registered as **\$4.25 billion** in 2016, according to the latest data released by the U.S. Bureau of Economic Analysis. This figure corresponds to 0.03% of total assets of foreign majority owned bank and non-bank U.S. affiliates (\$13.4 trillion).

**\$23
MILLION**

U.S. exports of goods shipped by Turkish majority owned bank and non-bank U.S. affiliates in 2016 has been registered as **\$23 million**, according to the latest data released by the U.S. Bureau of Economic Analysis.



Source: [InnoNative Advisors](#)



TURKISH PRESIDENT UNVEILS SECOND 100-DAY ACTION PLAN

President Recep Tayyip Erdoğan unveiled the second 100-day action plan in capital Ankara. President Erdoğan said 454 projects worth of 24 billion Turkish liras (nearly \$4.49 billion) will be completed as part of the plan.

"We completed 340 of 400 projects from first 100-day action plan," Erdogan said at the presentation meeting at the presidential complex. The president said that some 37.3 billion liras (\$6.96 billion) were spent on the projects in the first 100-day action plan while the projected amount was 43 billion liras (\$8.02 billion) for 400 projects, citing austerity measures.

On Turkey's efforts for development, Erdogan said the Financial Stability and Development Committee will be established to strengthen financial stability and develop finance sector. Also, Turkey Development Fund will be formed in order to boost private capital investments and generate alternative funding for high technology investments, he added. On energy project TurkStream Natural Gas Pipeline, Erdogan said: "We are starting construction of part of TurkStream Natural Gas Pipeline project on our lands and will finish it by the end-2019."

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TURKISH COMPANIES TO MEET INTERNATIONAL FUNDS IN NEW YORK IN JANUARY

Turkish companies will attend the first major investors' meeting of 2019 in New York.

Under the organization of Austrian Raiffeisen Centrobank, the mutual funds managing \$3 trillion in total, will hear about the investment opportunities first hand from Turkish companies, including Vakıfbank, Koç Holding, Yapı Kredi and Mavi.

Raiffeisen Centrobank, which stands out as one of Austria's largest investment banks, will bring together Turkey's major companies with investors in New York on Jan. 17-18. During the "Turkish Days in New York" summit, more than 15 Turkish companies, including Garanti Bank, Akbank, Koç Holding, Anadolu Group, Şişecam and BİM, with a total market value of about \$30 billion will meet about 30 American funds managing a total of \$3 trillion in assets. The event aims for the companies and investors to come together, understand each other better and evaluate the investment opportunities first hand. Among the 30 American funds are world giants such as Morgan Stanley, Moon Capital, JPMorgan and Goldman Sachs. Some 20 percent of the funds managed by these companies, whose assets exceed \$3 trillion, are positioned in developing countries like Turkey.

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US MAKES AN OFFER TO TURKEY FOR THE SALE OF PATRIOT MISSILES

The United States has formally made an offer to Turkey for the sale of multibillion dollar Patriot air defense systems.

The Agency, citing officials, informed that a U.S. delegation is holding talks with their counterparts at the Defense Industry, Foreign Ministry and Defense Ministry. It said the U.S. delegation submitted the offer for the sale of Patriots to Turkey but did not give details on the offer. The move comes after the U.S. State Department approved on Dec. 18 a possible foreign military sale of the Patriot air and missile defense system to Turkey for an estimated total of \$3.5 billion. According to the Defense Security Cooperation Agency, the State Department approved the sale of 80 Patriot MIM-104E Guidance Enhanced Missiles (GEM-T) missiles, 60 PAC-3 Missile Segment Enhancement (MSE) missiles and associated equipment.

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TURKEY WINS CASE AGAINST US TARIFFS AT WTO

Turkey has won its first appeal at the World Trade Organization (WTO) against additional U.S. tariffs imposed on steel imports, Trade Minister Ruhsar Pekcan said on Dec. 19.

The U.S. had imposed the countervailing tariffs in question on the ground that steel products from Turkey were subsidized, Pekcan added. "We previously won a similar appeal against Morocco. We have a professional team, we will continue to do great jobs," the minister said, speaking at a ceremony in Istanbul. The U.S. had already imposed 10 percent and 25 percent additional tariffs on aluminum and steel imports respectively from all countries on March 23. However, in August, U.S. President Donald Trump decided to double tariffs on aluminum and steel imports from Turkey to 20 percent and 50 percent, respectively.

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TURKEY'S LEADING BUSINESS GROUP WELCOMES NEW ECONOMIC MEASURES

Measures taken by the Turkish government up to now have been "exceptionally positive," head of the Turkish Industry and Business Association (TÜSİAD) said on Dec. 26.

Erol Bilecik said difficulties due to the speculative attacks on the government in August were overcome thanks to incentives. "The business circle is satisfied with the incentives provided by the government," Bilecik said. TÜSİAD foresees the Turkish economy to grow 1 percent next year and the inflation rate to hover around 17 percent, he added. Turkey's annual inflation was 21.62 percent in November, according to the latest data from the country's statistical office.

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TURKEY'S BENCHMARK STOCK INDEX RISES AT OPEN

Turkey's benchmark stock index increased 0.22 percent or 199.30 points to open at 91,174.09 points on Dec. 28.

On On Dec. 27, Thursday, Borsa Istanbul's BIST 100 index dropped 0.03 percent to close the day at 90,974.79 points with a daily trading volume of 3.7 billion Turkish lira (\$700 million). The U.S. dollar/Turkish lira exchange rate was 5.2890 as of 9.30 a.m. local time (0630GMT), slightly up from Thursday's closing rate of 5.2860.

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TURKEY'S SECTORAL CONFIDENCE RISES IN DECEMBER

Confidence in Turkey's key sectors of services and retail trade improved while construction fell in December on a monthly basis, according to the official data

Turkey's retail trade confidence index surged 6.3 percent year-on-year to reach 96.4 this month, Turkish Statistical Institute (TurkStat) said in a statement. "In retail trade sector; business activity-sales, current volume of stock index and business activity-sales expectation indices increased by 13.1 percent, 4.6 percent and 3.3 percent, respectively," TurkStat said. The services sector index rose to 81.5 in December, up 2.2 percent from last month due to increase in "demand-turnover" and business situation compared to previous months. Construction confidence index decreased by 2.1 percent to 55.4 during the same period as current overall order books index slipped 13.5 percent.

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TURKEY RECEIVED \$8.1BN IN FOREIGN INVESTMENT IN 9-MONTHS

Turkey received \$8.1 billion in net international direct investment from January to September 2018, the Industry and Technology Ministry announced. The sum of net foreign direct investment (FDI) was \$7.76 billion in the same period of 2017.

According to the official data, the amount of net FDI the country received was \$1.06 billion in September, while the highest amount of FDI was seen in August with \$1.3 billion during the 9-month period. Regarding equity investment, which is the leading item on the overseas direct investment account, direct inflow to Turkey was some \$4.26 billion, with 64.8 percent of this amount coming from the European Union. During the period, Italy (\$478 million), Austria (\$418 million) and the Netherlands (\$338 million) were the top three European sources of direct capital inflow.

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UPCOMING EVENTS

37TH ATC-TAIK ANNUAL CONFERENCE ON U.S.-TURKEY RELATIONS, 14-16 April 2019



The Turkey – U.S. Business Council (TAİK) & American Turkish Council's (ATC) flagship event is the Annual Conference on U.S.- Turkey Relations. Held every year in Washington DC, the Conference convenes hundreds of U.S.-Turkey stakeholders and thought leaders to address key commercial and diplomatic topics between the two countries.

37th ATC-TAIK Annual Conference on U.S.-Turkey Relations will be held 14-16 April 2019 at the Trump International Hotel, Washington D.C.

Please visit <http://atctaikconference.com/> for more information.

10TH TURKEY INVESTMENT CONFERENCE, 25 September 2019



10th Turkey Investment Conference, organized by the Turkey-U.S. Business Council (TALK), will take place in New York on September 25, 2019. This forum is principally designed to bring highly regarded Turkish opinion leaders, senior government officials, and corporate executives together with institutional investors and corporate leaders interested in better understanding the investment landscape in Turkey.

Further details will be announced soon.



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