Armağan Vurdu – General Secretary, IMMIB, Turkey



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Armağan Vurdu, general secretary of the Istanbul Minerals and Metals Exporters Association (IMMIB) highlights the strategic importance of the chemical and pharmaceutical sectors in Turkey's exports. He underscores pharma's role in Turkey's 'Vision 2023' and explains how IMMIB is helping the sector increase its export potential.

Can you introduce yourself and IMMIB to our international readership?

Let us start with an introduction to the IMMIB, as under the umbrella of this organization, I serve as the general secretary for seven sub-organizations. IMMIB is the broader Association that also is home to IKMIB (Istanbul Chemicals and Chemical Products Exporters' Association), Istanbul Mineral Exporters' Association, Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Steel Exporters' Association, Electrical and Electronics Exporters' Association, Jewelry Exporters' Association, Services Exporters' Association, among which the last three are the sole Associations of Turkey in their particular sectors. These organizations account for more than USD 50 billion in exports, equivalent to one-third of Turkey's total export volume. We operate in conjunction with Turkey's Ministry of Trade and the Turkish Exporters Assembly. As the umbrella organization of the seven aforementioned Associations, IMMIB General Secretariat is the biggest of the thirteen in Turkey.

IMMIB plays a large role in the healthcare and life sciences sector. For the companies in IKMIB, we help pharmaceutical products reach international markets, and for the companies in the Services Exporters' Association, we help hospitals and other healthcare providers find international clients. Under IKMIB, we have several sub-sectors including pharmaceuticals, medical devices, rubber products, etc. and working groups specialized in the given sectors.

IMMIB has 40,000 members, 24,000 of whom are actively exporting, whereas IKMIB has 12,000 members, with 6,000 actively exporting. We implement the trade policy of the country as formulated by Turkey's Ministry of Trade. Moreover, we promote incentives, training programs, trade and buyers' missions and industry events to catalyze Turkish exports.

At IMMIB, we see a great opportunity in our chemical exporting sector. Global chemical sales have doubled, with most of this growth coming from emerging markets. Turkey keeps increasing its volume of chemical exports each year and reached USD 16.2 billion in 2017. Currently, it is the third largest exporting sector in the country, after automotive and textiles. In the global chemical market of over USD 4 trillion, IMMIB is eager to help Turkish companies expand their foreign presence.

Companies in the chemical industry have suffered greatly from the pricing pressure introduced by Asian countries. How has the Turkish industry been able to thrive, despite the pricing competition from China and India?

Firstly, Turkey is an attractive investment opportunity due to its robust market growth and its status as a regional export and production hub for globally leading brands. Keep in mind that other businesses all across the value chain need chemicals in their production process – as the Turkish market grows, more broadly, so too will the chemicals market. Thus, domestic growth has partially helped us strengthen even with our competition from Asia. In addition, chemicals sector of Turkey is one of the promising sectors in terms of export; in that, among "Top 1000 Exporters of Turkey in 2017", which is an annual piece of research by the Turkish Exporters' Assembly (TIM), 107 are operating in the chemicals and chemical products sector. In the pursuit of its aforementioned mission, IKMIB is trying to be instrumental in the development of Turkish chemicals industry with the goal of a robust increase in the production of raw materials, which will be the key catalyst for the decrease in trade deficit and increase in the chemicals export.

Secondly, Turkey's chemicals industry provides for the global consumer market – we are home to the seventh largest plastic industry in the world, producing nearly 3% of the global total. The paint

industry, too, is on the rise, largely thanks to the world’s consumer activity. Similarly, the pharmaceuticals industry will keep growing as a result of public policies such as Project-based Incentive System of Turkey’s Ministry of Trade. This Project has a total budget of 135 billion TL and 23 projects of 19 different companies that are highly innovative and promising for the Turkish economy will be incentivized in the scope of it. With this system, in parallel with the development plans and the targets foreseen in the annual programs, to be able to meet the current or future needs of our country, to ensure the security of supply, to reduce dependence on the foreign sources, to provide technological transformation; innovative investments with high-added-value, which are minimum 100 million USD are supported on a project basis.

Thirdly, Turkey has been able to thrive in the chemical industry due to its high level of human capital and infrastructure. These elements make our country an attractive location for foreign and domestic investment.

How strategic is the pharmaceutical sector, insofar as exports are concerned?

The healthcare sector is very important to Turkey, as evinced in the Healthcare Transformation Program (HTP). This policy has ushered in new investments and innovations into the sector. We now host 500 pharmaceutical entities and 70 manufacturing sites that meet international standards. Moreover, there are 12 pharmaceutical raw material manufacturing facilities in Turkey, and overall, the industry employs 35,000 people and produces 11,500 products.

Pharmaceutical exports reached USD 819 million in 2017. With our 29 certified R&D facilities in the country, our potential is great, and the already-pivotal pharmaceutical sector will only gain in importance.

With the PIC/S (The Pharmaceutical Inspection Co-operation Scheme) membership of Turkey, which has started in January 2018, GMP of Turkey has become more prestigious in the sense that as a member country even in the non-PICS countries registration process will be shorter. Furthermore, it has other benefits for the pharmaceuticals sector of Turkey like training opportunities for the GMP inspectors, networking opportunities with the professionals of other member countries, sharing of information with the other members.

In addition, with the indirect effect of the membership such as reduced duplications of inspections, cost savings and ease of market access, which is an important facilitator for the exportation of the pharmaceutical products, the membership to the PIC/S is expected to contribute sector exportation

heavily.

What is IKMIB’s priority regarding future export regulation? What types of reforms are you pushing, specifically?

At present, we are representing Turkey’s most ambitious companies in regulatory discussions and we are helping them to promote their products in the international arena through trade fairs, buyer and trade missions, clustering projects and training programs.

To promote future pharma and chemicals exports, Turkey has established incentives and support mechanisms for R&D and innovation, including technology development zones to boost university and industry collaboration. Furthermore, Turkey has a techno-investment program under which specific incentives for scientific research are provided. Turkey is also looking to bolster the 200,000 students studying healthcare and life sciences across Turkey’s 31 university programs.

Looking to the future, we hope to leverage Turkey’s advantageous positioning, geographically. The world imports around USD 515 billion in pharmaceutical products each year, and at present, Turkey contributes less than USD one billion to that total. We have huge potential to grow in this regard.

We believe that the chemical industry is essential in achieving our country’s goal of becoming the tenth largest economy in the world. We want Turkey to account for USD 500 billion in global exports by 2023. Ideally, USD 50 billion of this will come from chemicals, and pharmaceuticals, specifically, will contribute USD 3 billion.

To meet these ends, we have honed our focus on critical success factors, including improving our industrial competitiveness, investment attractiveness and technological capacity, the scale of R&D, value-added, customer focus, and innovation commercialization.

With the rise in protectionist trade policies and localization, are the members of IMMIB worried for the future?

The American-led wave of protectionism is shaking up the global economic order, certainly. As a country, Turkey believes in free and fair trade. Our members believe that trade liberalization leads to positive collective benefit.

Naturally, we are all a bit unnerved by what is happening throughout the world. But, regardless of what transpires, we are committed to increasing our international presence and bringing Turkish brands to other countries.

What have been some of the success factors that have helped the chemical industry rise to such a prominent position?

I believe that our chemical sector is as strong as it is due to the strength of the country's economy, at large. Remember, as I said earlier, when the economy grows, the chemical sector grows too. They are inextricably dependent on one another.

Do you have any final messages on behalf of IMMIB or Turkey?

I would like to thank you for including me on your platform, and we hope to continue helping Turkish companies, especially those in the pharmaceutical sector, maximize their export potential.

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