

Interview: Bahadır Kaleagasi – Secretary General, Turkish Industry & Business Association (TUSIAD), Turkey



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Bahadır Kaleagasi, secretary general of the Turkish Industry & Business Association (TUSIAD) discusses the strengths of the country as Europe’s gateway to Asia in addition to the strong investment landscape the country still has. He comments that if all the key stakeholders add a “drop to the ocean of progress” then Turkey will continue to be a business powerhouse in the 21st century.

This is the first time we have the pleasure of meeting with TUSIAD, so can you please start by introducing the business association?

TUSIAD (Turkish Business and Industry Association) is the leading business association promoting Turkey’s global competitiveness, working significantly in all the major segments, ensuring Turkey remains a globally competitive economy in the 21st century. The main issues at the core of our work look at the democracy of the country, a land of freedom, its innovation and creative society, the economic stability, in addition to the education and social progress of the country, which are the pillars of our action plans. No country can be competitive without democracy in the 21st century, and these conditions are vital for the country to remain respected by investors who will see the country contributing to the progress of humanity.

The second important issue for the association is to guarantee the sustainable development of social progress and respecting the necessity of human rights. Our business outlook brings the human

factor of the industries to the forefront because we are a business community orientated around the quality of what we provide before looking at the numbers.

The association represents more than 650 delegates and over 4500 companies including all major international companies doing business in Turkey, and mostly the largest and dynamic mid-sized companies of Turkey. Overall, they contribute to 80 percent of the country's trading and contributing to over 80 percent of tax in the country. Thus, we are the most important international business organizations, integrated as a full member of Business Europe and the G20's Global Business Coalition. TUSIAD is also a member of the Belt & Road Industrial and Commercial Alliance (BRICA), which is a multilateral cooperation mechanism established by China Federation of Industrial Economics (CFIE) in May, 2015 in Beijing, to vigorously advance the Belt and Road Initiative of China on the Ancient Silk Road. In this regard, TUSIAD will be hosting BRICA summit in Istanbul on 18 and 19 October. Another strength of TUSIAD is its international network of representative units in Brussels, Washington DC, London, Paris, Berlin, Dubai, Shanghai and the Silicon Valley.

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What are the strengths of the country when it comes to doing business?

Turkey is becoming a Euro-Asian hub and we are mostly part of the European Union's single market through a customs agreement. In addition, the country is undergoing the accession process to the EU, although this is very slow and being halted by unnecessary political hurdles. However, Turkey is significantly aligned in many other areas of the EU, such as accounting standards, consumer protection regulation, intellectual rights, trademarks and design, competition and environmental and social policies. There still important gaps but the progress is on. This makes it easier for companies, especially pharmaceutical companies, to do business with our country, because essentially, they are conducting business mainly with a European single market country, and this is an important message that needs to become prevalent.

Furthermore, Turkey is unique due to its Asian characteristics, which sees the country have a younger population creating a more dynamic and creative society and boosts the entrepreneurial spirit, with more multinational communication skills than the average European country. We can cherish the best of "the two worlds". At TUSIAD we want to showcase this gateway for Europe to Asia as best as we can.

Is this Euro-Asian hub still relevant for investors in 2018?

Indeed, the country has experienced political problems over the past five years but so has the EU, however, once we see more regulatory harmonization will Turkey become globally competitive in the eyes of Asian countries and other countries around the globe outside of Europe. This perception of the country is because we comply with European standards and having full access to the European single market in addition to the dynamics of an Asian country. Many countries outside Europe are willing to do business with Turkey because we are the gateway to Europe. Turkey is neither a country with oil or natural gas nor with deep finances or technology, however, its main striking point is its vibrant domestic market and its global positioning.

As a voice for the business culture, what is your assessment of companies looking to invest in the country?

Turkey is part of the global supply chain, with an important domestic market and access to enabling countries. Investors and companies looking to invest in Turkey will experience an expansion of their business here in addition to feeling the full potential of the country's strong relationship with its

neighboring countries.

Turkey has its resilience, and in times of domestic and global crises, companies already in the country continue to make profits which in turn they can easily transfer back to their headquarters without any problems, continuing to remain profitable. These companies continuously contribute to not only Turkey's economy but to their home countries through conducting their business here and we are part of this positive equation. However, it is a large responsibility for Turkey to maintain and promote this profitable ecosystem integrated into the common interests of the global businesses. So far, this is a story of success but will remain a challenge to maintain. At T&SIAD, we will continue to monitor the government policies to ensure they continue promoting and developing Turkey's good business environment for international companies.

Looking at the latest World Bank's Ease to do Business figures, Turkey is placed 60th out of 100. Do you find this data surprising?

Of course, this figure is not a good number to highlight, so there are a lot of lessons to be learned from this. However, for those companies that are a little bit smarter and analytical, they will see that Turkey offers a competitive edge, especially those making effort to understand the country and focus their business plans well to recuperate good results. We have very good companies securely fixed here with extremely knowledgeable advice, a company with a good business plan looking to invest in the country can reap the rewards very easily.

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What key business reforms would you like to see implemented for the benefit of your members?

Over the last 18 years, we are very happy with the successive government's handling in two areas which are the public deficit and public debt in relation to GDP. However, we are critical of the current inflation and interest rate policies, so we ask the government to have more of a fiscal mindset concerning these policies. We are happy with the growth but want a higher quality growth through more investment into people and technology as opposed to infrastructure which has been the current focus.

We are living in the era of the 4th industrial revolution, undergoing a big leap forward in all aspects, from technology to society and democracy with the 21st century reshaping civilization in a faster way, with new technologies emerging from genetics and the renewable energies, to artificial intelligence and the quantum computing. If Turkey is unable to navigate this new wave of developments it will lose its competitive edge, so although it is good to invest in infrastructure it is not enough to sustain growth. We need to see more investments into flourishing the ecosystem, paving the way for a better condition for entrepreneurship, creativity and eventually a more cosmopolitan international society, bringing better ideas and interaction with the rest of the world.

T&SIAD has more tangible policy proposals and programs which promote and sponsor more investment into Artificial Intelligence and education of the STEMA (Science, Technology, Engineering, Mathematics & Art) subjects, contributing to the catalyst of progress in Turkey.

Finally, what are your strategic priorities looking towards the future?

We are working well with the government, but more needs to be done to become fully satisfied with the progress, from both the government and the business community. There is a new era for Turkey, with everyone contributing and adding a drop to the ocean of progress in the 21st century. There is no Turkey without this hard work and continued investment from all the key stakeholders, so let's continue to do something making a positive difference within our lifetime.

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