

Made in Türkiye
Monthly Economic Newspaper April 2024

SobMaExpo, Moscow: 11th International Exhibition for Contract Manufacturing and Private Label Market



SobMaExpo show will hold April 9-10, 2024 at Crocus Expo, Moscow. The unique effective business platform where all retailers come to fulfil their orders on all product categories of private label. SobMa is the only and key meeting point for retailers, brand owners and contract manufacturers from all over Russia and other countries to produce vast variety of private label products. This is where food and non-food producers showcase their capabilities and offer the best conditions for multi-format and specialized retail and e-commerce companies. The segment continues to grow actively and has significant potential. About 70% of Russians in 2023 say that they are ready to buy Private Label solutions, and there are many categories in which buyers are ready to purchase more Private Label goods than retailers offer at the moment. *Page 6*

Turkish cosmetics products attract visitors from Middle Eastern countries



Cosmetics shops have become a recent favorite of Middle Eastern tourists that purchase their cosmetics products in Türkiye. Some come just to buy these products. Middle Eastern shoppers buy two to three times more than the average person, increasing the income of cosmetics shops. Turkey's cosmetics market, which has the fastest growth rate in the retail sector, has attracted the attention of Middle Eastern investors as well as global brands. They knock on the doors of Turkish brands with purchasing, partnership and franchise offers. Middle Eastern tourists have shown great interest, especially in personal care products such as rose, oud, amber and the new Eau de Cologne series. While Middle Eastern tourists have an important place in turnover, the most important development is showing itself in exports to countries in the region, the share of direct exports to these countries is approaching 60 percent of total export sales. Turkish cosmetics brands are successful in franchising and these are highly demanded. Regarding Turkey's exports, the weight of Iran seems to increase. Hair products, makeup and skin care products are mostly exported to Iran. Another live market is North Africa. Shaving products, deodorants and colorful cosmetics are also exported there. *Page 6*

Turkish exporters break sales records to 70 countries as usual

Turkish exporters made shipments to some 240 countries and customs territories throughout last year, achieving their highest sales in history to 70 of these nations, the country's Trade Ministry said. The nation's exports reached a third straight annual peak to a total of \$255.8 billion (TL 7.77 trillion) in 2023, a 0.6% year-over-year increase from \$254 billion in 2022, according to official data. The record came despite multiple challenges, including global tightening that curbed demand, including in the EU, Türkiye's biggest export market, geopolitical conflicts in the region and devastating earthquakes that struck the southeastern region earlier in 2023. Sales totaled \$225.4 billion in 2021 after they were hit by the coronavirus pandemic and dropped to as low as \$169.5 billion in 2020. The government's medium-term program (MTP) estimates were set at \$255 billion for 2023 and \$267 billion for 2024. At \$361.8 billion, imports in 2023 also came below the program's estimate of \$367 billion. The sales figure led Türkiye to lift its share in global exports to 1.06%, up from 1.02% in 2022 and a major leap from just 0.55% back in 2002, the Trade Ministry said. Some 38,574 companies engaged in overseas sales for the first time in 2023, according to the ministry, taking the total number of exporting firms to 139,830, a 339% increase from some 31,855 some two decades ago. The Trade Ministry further underscored the momentum in trade and economic relations with the Near and Middle Eastern nations. Export to the

region rose by 2.2% to \$46.2 billion last year. Sales Turkic republics reached \$10.2 billion, marking an all-time high with a 26.9% increase. Shipments to member countries of the Organization of Islamic Cooperation (OIC) totaled \$67.3 billion, showing a 3.68% increase and a new peak. *Page 6*



Fields of lavender have been thriving across Türkiye in recent years thanks to incentives by the Government. Supported by a lavender cultivation project launched by the Directorate

Fields of lavender pave the way for a series of brand new cosmetic products

General of Forestry (OGM), the fields help produce alternative tourism routes while their oil contributes to the Turkish economy. Native to the Old World and found in Cape Verde and the Canary Islands, lavender also grows in Europe, across northern and eastern Africa, the Mediterranean, southwest Asia, China and southeast India. Having spread throughout the world, it is surely one of the most easily found plants and a key ingredient in aromatherapy. *Page 4*

Fitch raises global, Türkiye's 2024 GDP growth outlook

The Fitch Ratings agency revised the global economic growth forecast by 0.3 percentage points to 2.4% and has also raised the expectation for Türkiye's gross domestic product (GDP) expansion as near-term world growth prospects improve. Fitch, one of three leading credit rating providers, stated in its "Global Economic Outlook - March 2024" report that while growth prospects improve, inflation is still a concern. The agency also showing signs of recovery, citing the recent pick-up in U.S. core inflation momentum. *Page 4*



Türkiye 'received \$262 billion in investments in 21 years'

Türkiye is a country that has attracted 262 billion dollars in investments since 2003, Burak Dağlıoğlu, president of the Presidential Investment Board, has said. Speaking at the 43rd Ordinary General Assembly of the International Investors Association (YASED), Dağlıoğlu said that there were less than 6,000 international companies in the country 21 years ago, but now there are more than 80,000. "Since 2003, under the leadership of our president, we see the story of Türkiye's breakthrough in many fields," he said, adding that the country was a middle low-income country in 2003 with a per capita national income of \$3,000. *Page 8*

Turkish export climate index picks up to 8-month high



The export climate for Turkish manufacturers rebounded further in February, reaching its highest level in the last eight months according to a survey published. The Manufacturing Sector Export Climate Index, which measures the activity conditions in the main export markets of the country's manufacturing sector rose to 51.1 points in February, up from 50.6 in January, the Istanbul Chamber of Industry (ISO) said. *Page 8*



IMF ups Türkiye, world 2024 forecast, sees global 'soft landing'

The International Monetary Fund (IMF) cited unexpected "resilience" in major advanced and emerging market economies and faster-than-expected easing of inflation, as it edged its forecast for global growth higher. The IMF's chief economist, Pierre-Olivier Gourinchas, said the global lender's updated World Economic Outlook showed that a "soft landing" was in sight, but overall growth and global trade still remained lower than the historical average. "We find that the global economy continues to display remarkable resilience and we are now in the final descent toward a 'soft landing' with inflation declining steadily and growth holding up," Gourinchas said. "But the base of expansion remains on the slower side and there might be turbulence ahead." *Page 9*



MG International Fragrance Company Junior Perfumer Koray Sevinç: "Perfume is the most powerful factor that triggers emotions."



Norway's sovereign fund invested \$1.3B in Türkiye by end of 2023



Finland, Türkiye could co-op in renewable, nuclear energy



Mehmet Soztutan
Editor-in-Chief

Letter From The Editor

Sustaining the momentum...

We know that the disruptions to the global economy during the pandemic have upset cross-continent supply chains while leading some global giants to move their production to Türkiye, a major alternative to China in terms of quality production, logistics infrastructure and incentive system. This trend is likely to continue with the country attracting more investors from Europe.

It should be noted that sustaining the stable growth process, increasing employment, securing the fiscal discipline, narrowing the current account deficit and as a result, strengthening the economic stability are the major priorities of the Turkish Government.

Commitment to sound economic policies since 2003 has placed the Turkish economy in a good position to embark on a sustained path of growth. Progress has been achieved in improving public finances, restructuring the financial sector, improving the business environment and reforming the public sector.

In addition, the reforms of the last decade, together with the strengthening of the macroeconomic policy framework during that period, provide the necessary foundations for Türkiye to reach its goal of becoming a high-income economy. Türkiye is an attractive location for foreign investment because of its emerging role as a springboard for foreign companies coupled with joint ventures initiated by Turkish partners. The Government focuses on policies to increase private sector's investments, direct international investments and exports.

Nevertheless, it is hard to keep its competitive position in the world market full of emerging players. Thus, manufacturers have shifted their operations to value-added products and brand names more than ever. Currently, many of Turkish manufacturers have their own designs and brands in international markets.

As known, Türkiye, being the oldest of our publications, conveys the messages of the Turkish exporters for years by participating in a series of international fairs and exhibitions. We wish Turkish business people and their foreign partners lucrative trade.

Business is business...



THOUGHT OF THE MONTH

"Quality is remembered long after the price is forgotten."

PARADOX

The paradox of our time in history is that we have taller buildings, but shorter tempers; wider freeways, but narrower viewpoints; we spend more, but have less; we buy more, but enjoy it less.

We have bigger houses and smaller families; more conveniences, but less time; we have more degrees, but less sense; more knowledge, but less judgment; more experts, but fewer solutions; more medicine, but less wellness.

We have multiplied our possessions, but reduced our values. We talk too much, love too seldom, and hate too often.

We've learned how to make a living, but not a life; we've added years to life, not life to years.

We've been all the way to the moon and back, but have trouble crossing the street to meet the new neighbor.

We've conquered outer space, but not inner space; we've cleaned up the air, but polluted the soul; we've split the atom, but not our prejudice.

We have higher incomes, but lower morals; we've become long on quantity, but short on quality.

These are the times of tall men, and short character; steep profits, and shallow relationships.

These are the times of world peace, but domestic warfare; more leisure, but less fun; more kinds of food, but less nutrition.

These are days of two incomes, but more divorce; of fancier houses, but broken homes.

It is a time when there is much in the show window and nothing in the stockroom



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Responsible Editor:

Mehmet Söztutan
(mehmet.soztutan@img.com.tr)

Editors:

Assoc. Prof. Mehmet Ali Özbudun
Ayça Sarıoğlu
Dilara CİCA

Correspondent:

Ismail Çakır
(ismail.cakir@img.com.tr)

Marketing Manager:

Recep Arslantas
(recep.arslantas@img.com.tr)

Arts Director:

Tayfun Aydın
(tayfun.aydin@img.com.tr)

Subscription:

Ismail Özçelik
(ismail.ozcelik@img.com.tr)

HEAD OFFICE:

İstanbul Magazine Group
İHLAS MEDIA CENTER
Merkez Mah. 29 Ekim Cad. No:11
Medya Blok Kat:1 34197

Yenibosna / İstanbul / Turkey

Tel: +90. 212 454 22 22
Fax: +90. 212 454 22 93

www.img.com.tr - img@img.com.tr

LIAISON OFFICES

BURSA:

Ömer Faruk Görün

Buttim A Blok Kat: 4

No: 4029 Bursa / Turkey

Tel : (90.224) 211 4450 - 51

Fax: (90.224) 211 4481

KONYA:

Metin Demir

H. Ulusahin Is Mrkz. C Blok

No: 603-604-605 Konya / Turkey

Tel : (90.332) 238 10 71

Fax: (90.332) 238 01 74

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Yenibosna - Bahçelievler

İstanbul / Turkey

Tel: (90 212) 454 30 00

Fax (90 212) 454 34 83

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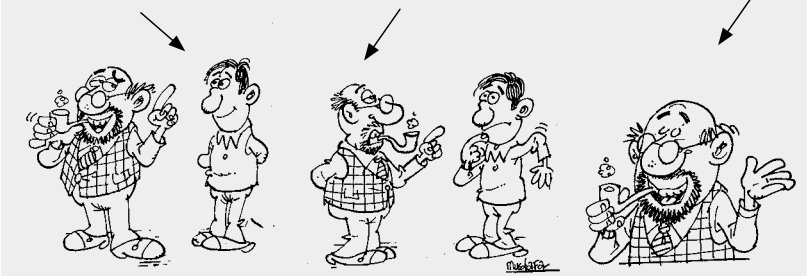
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web: www.finaltup.com • email: info@finaltup.com • instagram: finalsu_tup

Global air freight rates rise amid Red Sea crisis, Lunar New Year



Global air freight prices have risen for the first time in seven weeks, driven by the upcoming Lunar New Year in Asia and as Red Sea attacks led companies to opt for costlier air cargo space.

The Baltic Air Freight Index, which shows general cargo weekly transactional rates across a number of routes, rose 6.4% in the week, price reporting agency TAC Index said, reversing declines since a mid-December seasonal peak.

Attacks by Yemen's Iran-aligned Houthi group on vessels in the Red Sea launched to express solidarity with Palestinians in Gaza have forced shippers to take longer routes that can add weeks to delivery times.

"The increase is in line with expectations that rates may spike following disruption to ocean shipping in the Red Sea, though sources also point out that rates often rise in the run-up to Chinese New Year," TAC Index said.

Many factories in China close for the eight-day holiday which begins this year on Feb. 10 and companies push to get stock out to customers ahead of this.

Air freight rates out of Shanghai rose 8.8% week on week, led by big increases in Europe. Rates out of Hong Kong gained 5.9% and rates out of Southeast Asia jumped 10%.

The Red Sea, which leads to the Suez Canal, lies on the key east-west trade route from Asia's manufacturing hubs to Europe and then onto the east coast of the Americas.

Freight companies have been securing more air cargo space and some customers have begun shipping goods wholly or partially by air to avoid delays.

However, air freight prices had remained relatively stable as the shipping crisis coincided with a post-Christmas lull in demand.

Nick Frank, CEO of DHL Global Forwarding Asia Pacific, said an expected traditional peak before the Lunar New Year was meeting longer sea transit times, higher sea rates and a shortage of vessels as a result of the Red Sea disruption. This in turn is prompting some customers to move to air freight, he said.

"Some are also shipping more due to the longer transit time, so they are moving stocks that are scheduled for later," Frank added.

Global Air freight rates have been on a downward trend since early 2022 from all-time highs during the pandemic. The Baltic Air Freight Index was down around 24% year-over-year.

Air freight, more costly than sea freight, represents less than 1% of global trade by volume, according to the International Air Transport Association (IATA).



Finland, Türkiye could co-op in renewable, nuclear energy

Finnish Climate and Environment Minister Kai Mykkanen advocated for clean energy technology and expertise exchange with Türkiye, including renewable energy and nuclear waste management, highlighting his country's reach in the clean energy sector.

Mykkanen told Anadolu Agency (AA) that Finland could offer assistance to Türkiye given Finland's pioneering 40-year experience in nuclear energy and suggested research and development (R&D) collaboration given Finland's aim of becoming a clean industry hub, including hydrogen.

«With the recent operation of the Olkiluoto 3 nuclear power unit, Finland has significantly increased its nuclear power share to over 40% of total electricity production. This commitment not only enhances Finland's energy security but also plays a crucial role in achieving ambitious climate goals, as over 90% of Finland's electricity production is now fossil-free,» he explained.

The energy crisis of the last couple of years has shown the importance of nuclear energy in providing affordable, clean and stable energy, the minister said.

He disclosed that Finland still needs more nuclear power, and to this end, it plans to reform the national Nuclear Energy Act by 2026 to facilitate the construction of small modular reactors (SMRs), reflecting the country's forward-thinking and adaptable strategy with a high public approval rate of close to 70% for nuclear energy. «Finland is already a forerunner of renewable energy and nuclear energy and I believe we have

excellent opportunities to become a major global player in clean energy in the future,» Mykkanen said.

«Trade, imports and exports can be increased between Türkiye's strong energy-intensive industry and the Finnish industry. Additionally, this may also provide opportunities for future cooperation through mutual forums within the scope of R&D cooperation,» he added.

In addition to nuclear energy, Mykkanen said Finland has been aggressively expanding wind generation.

«The share of renewable energy is already higher than the share of fossil energy in the energy mix. Our electricity production is already more than 90% non-fossil and emission-free,» he said.

The Finnish government has set an ambitious target for offshore wind power capacity additions

by 2035, offering huge investment potential.

«We have also moved to self-sufficiency in terms of electricity demand on an annual basis. In 2023, this proportion was already almost 98%,» he noted.

Finland has rapidly and successfully broken away from Russian energy after February 2022, which he explained was made possible through a good level of preparedness, consistent action and ensuring a broad energy mix.

Replacement Western supply chains for electricity and nuclear fuel have been found, and only marginal supplies of liquified natural gas (LNG) are imported from Russia, he said.

The Finnish energy system proved its resilience last year, as after the energy crisis in 2022, Finland succeeded in phasing out Russian fossil energy supplies.

«We have diversified energy supply routes and significantly increased domestic electricity generation capacity. Imports of electricity from Russia have been replaced with Olkiluoto 3 NPP and wind power,» he said.

Electricity prices, although volatile due to increased wind power production, have also dropped, with the average spot market power price ranking as the second cheapest out of EU member states.

The leasing of the floating LNG terminal vessel in Inkoo, which started operating in January last year, enabled Finland to break away from its dependence on Russian pipeline gas and proved successful when the gas pipeline connection between Finland and Estonia was damaged in October 2023.



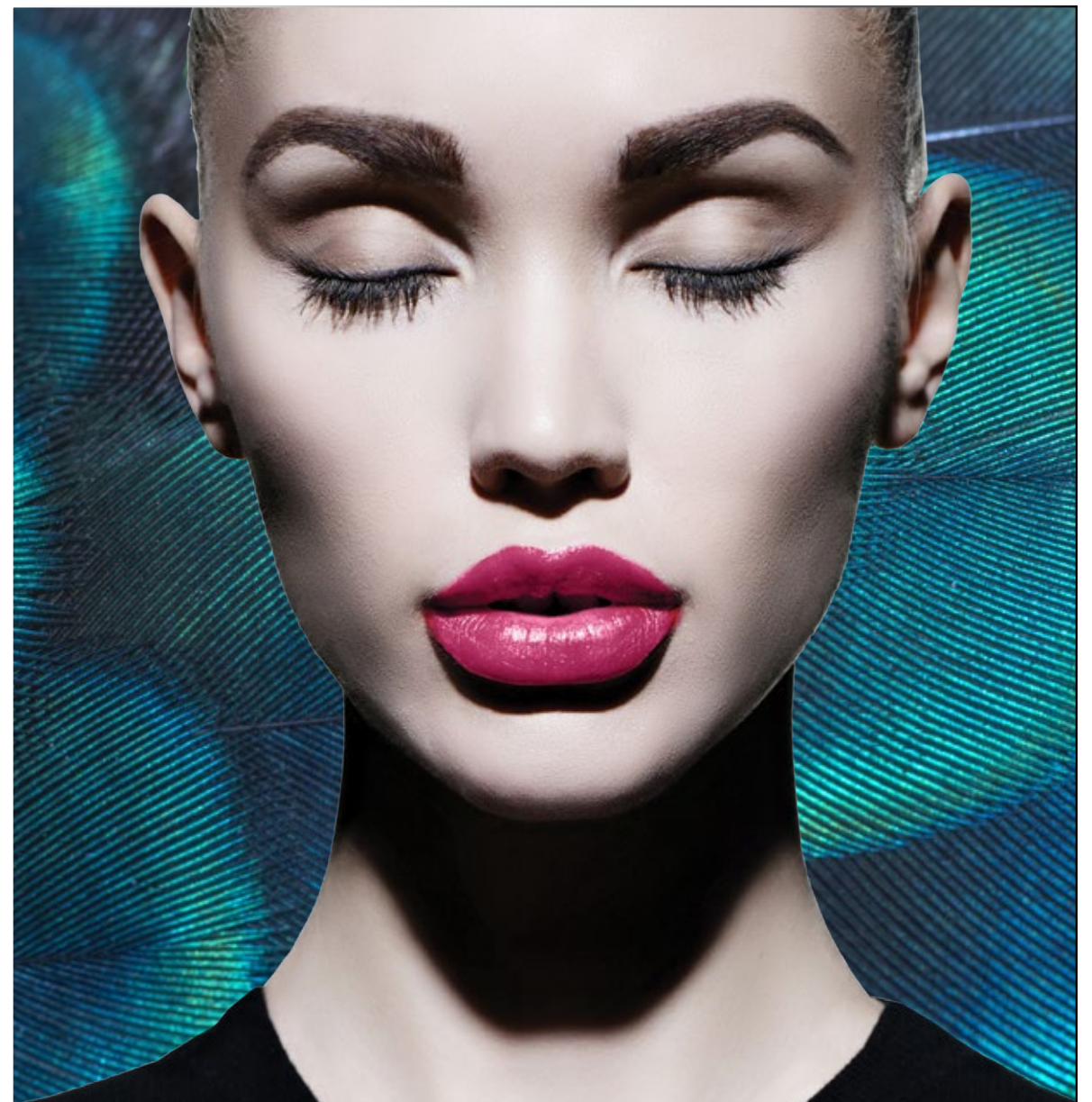
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Fields of lavender pave the way for a series of brand new cosmetic products



Continued From Page 1

A genus of the mint family of flowers, lavender can reach one meter (3.2 feet) in height and the perennial plant is most common in the Mediterranean region. The plant is mainly grown to make lavender essential oil, one of the most traded oils out of 15 plant oils in the world. Lavender has 48 subspecies, mostly endemic to the Mediterranean, and only three of these have the highest commercial value. Among them are spike lavender and lavandin, which are cultivated in Türkiye's Isparta, Afyonkarahisar, Denizli, Konya, Kütahya, Muğla, Eskişehir and Antalya. Although when they blossom can vary depending on the climate and soil conditions, the plant usually blossoms in July and is harvested that month. Lavender oil is widely used in the cosmetics sector while its fragrance and painkilling, calming and insomnia relieving properties make it an essential material in soap and disinfectants. It also serves as a diuretic and relieves pain from rheumatism. Lavender flowers are also used in tea because of their known sedative effects. OGM launched the Project to financially support residents of forest villages and produce new livelihoods. It is also applied in steep and barren lands

to diversify agriculture while OGM seeks to curb migration from villages to cities with more employment in the lavender growing sector.

The directorate also grows lavender in its own fields and last year alone, it planted more than 5 million lavender saplings.

Up to 30 kilograms of lavender oil can be extracted from one ton of lavender. Overall, sales of lavender products

contribute about TL 40 million to the Turkish economy. Figures by the Turkish Statistical Institute (TurkStat) show total exports of lavender oil reached 9.3 tons and \$184,000.

In the meantime, «purple tourism,» as it came to be called, lures more people to lavender fields, from ordinary tourists whose primary destinations are the vacation spots near towns with lavender fields to those specifically visiting fields to take selfies and videos, or simply stopping by to smell the flowers. Located in the Lakes District of the northwestern Mediterranean region, Isparta has become a top destination for lavender cultivation and agricultural tourism activities in recent years. In July. Located in Türkiye's biggest lavender producing district, Keçiborlu, Lavender Valley boasts large fields that mirror the Provence villages of France.

Those who visit the city during the rose harvest can explore the fields and gather beautiful blooms with the locals. They can also visit the factories where the roses are processed.



Fitch raises global, Türkiye's 2024 GDP growth outlook

Continued From Page 1

Meanwhile, the increase in the global GDP outlook reflects a revision to the U.S. growth forecast to 2.1%, up from 1.2% in December, Fitch said. The agency also said China's growth forecast was slightly reduced to 4.5% from 4.6%.

The revision to the U.S. outweighs a marginal cut to China's 2024 growth forecast and a small revision to the eurozone forecast, to 0.6% from 0.7%, according to the agency.

The U.S.-based Fitch also said it had revised the growth forecast for emerging markets (EM), excluding China, by 0.1 percentage points to 3.2%, with forecasts for India, Russia and Brazil being raised.

Fitch expects world growth in 2025 to edge up to 2.5%, unchanged from before, as the eurozone finally recovers on a pick-up in real wages and consumption, but U.S. growth slows.

The credit rating agency also cited «an unprecedented pro-cyclical widening» in the U.S. fiscal deficit in 2023 as a contributor to boosting domestic demand, stating it has helped explain the surprising resilience of GDP growth.

However, they expected this impulse to fade this year and household income growth to slow, which along with lagged effects from last year's monetary tightening would contribute to a quarter-over-quarter growth slowdown.

Fitch said in its report that the eurozone continues to stagnate, with Germany's recession weighing on France and the rest of the bloc.

Regarding China's outlook, the rating agency said property collapse continues unabated in the world's second-largest economy. Housing sales are now looking likely to fall sharply again

this year, and evidence of deflationary pressures is rising. However, fiscal easing is being stepped up materially, which has cushioned the impact on the GDP forecast.

The report stated that U.S. core inflation momentum has recently picked up, and the agency raised its end-2024 U.S. CPI inflation forecast by 0.3 percentage points to 2.9%.

«Better progress has been made in reducing core inflation in the eurozone but, as in the U.S., services and wage inflation remain uncomfortably high from the perspective of achieving the inflation target,» the report stated.

«The jump in shipping costs is adding upside risks to core goods inflation,» it added.

The report, however, indicated they expect both the U.S. Federal Reserve (Fed) and ECB to cut rates three times, by a total of 75 basis points, by year-end.


The report, which also includes evaluations of the Turkish economy, stated that the country's economy grew by 1% on a quarterly basis in the final quarter of last year, which was above expectations, and that the increase in private consumption was effective in this.

The report noted that the economic momentum is expected to continue in the first quarter of this year, considering the latest developments in the PMI index, consumer confidence and other high-frequency indicators.

It also indicated that short-term economic gains indicate that growth would be higher this year, and the growth forecast of the Turkish economy for this year was increased from 2.5% to 2.8%.


The report noted that the Turkish economy is estimated to expand by 3.1% in 2025.

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Özbekistan ile ihracat imkanlarının sunulduğu, ihracatçılarımızın pazar payının korunmasını sağlayan ve networklerin geliştirildiği fuar Türk üreticilerine iş imkanları sunuyor.

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Norway's sovereign fund invested \$1.3B in Türkiye by end of 2023



Norway's sovereign wealth fund, the world's largest, invested over \$1.31 billion (TL 39.79 billion) in company shares in Türkiye as of the end of 2023, according to the data compiled by Anadolu Agency (AA) from Norges Bank.

Accordingly, the fund worth more than \$1.5 trillion overseen by Norges Bank invested a portion of its holdings in 39 diversely sized businesses operating in various industries last year.

The fund's portfolio in Türkiye included shares worth approximately \$146 million in three energy companies: Turkish Petroleum Refineries A.Ş. (Tüpraş), Galata Wind Enerji A.Ş., and the country's first and largest flat steel producer, Ereğli Iron and Steel Factories (Erdemir).

Refinery operator Tüpraş received the largest share of the wealth fund investment in Türkiye. The fund owns a 1.3% stake in the company, with a total investment of approximately \$121.7 million.

The fund invested \$106.15 million in Koç Holding, \$90.98 million in Birleşik Mağazalar A.Ş (BİM), \$73.89 million in Akbank, \$63.34 million in Turkish Airlines (THY) and \$60.54 million in Aselsan.

The fund's largest percentage stake in the Turkish portfolio is in Mavi Giyim Sanayi and Ticaret A.Ş., which holds a 4.18% interest with an investment of \$32.73 million.

Yataş A.Ş. and Is Investment A.Ş. followed with the fund holding a 3% share in each. The total amount invested in the shares of these companies amounted to \$3.68 million and \$48.74 million, respectively.

Since 2008, the Norwegian Wealth Fund has boosted its holdings in Turkish company

equities, having previously made modest investments in Türkiye since 2001.

Since 1990, the Norwegian Wealth Fund has invested in foreign stocks, bonds and real estate markets with the country's oil and natural gas production returns.

Just a small percentage of the fund's earnings are available for use by the Norwegian government and the majority must be set aside for future generations.

Last year, the fund invested in 8,859 companies in 65 countries, and in recent years, the fund has invested heavily in renewable energy projects.

The market capitalization of the fund reached 15.77 trillion Norwegian kroner (\$1.51 trillion) as of Dec. 31, 2023.

The Norwegian Wealth Fund is also interested in stakes in major companies operating in the transportation, chemical, automotive, software and steel sectors in Türkiye.

The fund had increased its investments in Türkiye from \$485 million in 2021 to \$1.22 billion in 2022.

The fund management said in a recent statement that, following a "weak" 2022, a record-breaking \$213 billion profit was achieved last year.

The fund's most valuable company stakes were in Microsoft, Apple and Nvidia. The most valuable non-tech stock was pharmaceutical company Novo Nordisk, which came in eighth place.

The fund's return on investment in 2023 stood at 16.1% for the year, 0.18 percentage points lower than the return on its benchmark index, as per a Reuters report.



New Turkish Central Bank governor vows to prioritize disinflation

The newly appointed governor of the Central Bank of the Republic of Türkiye (CBRT), Fatih Karahan emphasized in a press note the determination to ensure disinflation and maintain the necessary monetary tightening to achieve the desired fall in levels of consumer prices.

«The main objective and priority for the CBRT is to achieve price stability. Relying on our strong team, we continue our efforts to ensure disinflation. We are determined to maintain the necessary monetary tightness until inflation falls to levels consistent with our target,» the statement shared on the website of the central bank read.

«We will be watchful of inflation expectations and pricing behavior. We stand ready to act in case of any deterioration in the inflation outlook,» it added.

«With a Presidential Decree published in the Official Gazette No. 32449 dated February 3, 2024, Dr. Fatih Karahan, who had been acting as a Deputy Governor since July 28, 2023, was appointed as the Governor of the Central Bank of the Republic of Türkiye (CBRT),» the statement said.

Karahan, who started his career as an economist at the Federal Reserve Bank of New York in 2012 also lectured at Columbia University and New York University and served

as principal economist in e-commerce giant Amazon before becoming Erkan's deputy at the central bank last July.

The new governor is set to hold a briefing on the first Inflation Report of 2024 on

«Today is the first day of our new Central Bank Governor. Once again, I would like to congratulate him on his appointment and wish him success in his new role. I look forward to working with the new governor and his competent team in implementing our economic program,» Şimşek said in a post on X, formerly Twitter.

«We are committed to supporting the disinflation process through restoring fiscal discipline while also implementing structural reforms that would boost productivity and enhance Türkiye's competitiveness. We will continue to do what it takes to get there,» he added.

Under Erkan, the bank completed a series of interest rate hikes that have pushed the baseline rate from 8.5% to 45% to thwart inflation, which was close to 65% in December. Other officials, including Vice President Cevdet Yılmaz, said the economic program would continue to be implemented with determination while thanking the former governor for her services during her tenure.

«The medium-term program,

which has the president's strong support, will continue to be implemented decisively,» Yılmaz said earlier on X.

Some of the banks, as well as analysts commenting on the appointment of the new central bank chief, conveyed the expectations that the policy framework would continue in the same direction under Karahan.

«We expect the Central Bank to continue with a conventional monetary policy framework that prioritizes inflation. We will have a chance to listen to his (Karahan) policy messages during the inflation report presser,» Morgan Stanley said in a note.

«We see the new Central Bank governor as positive for disinflation and lira ... We think that the reshaped Monetary Policy Committee is likely more hawkish,» said investment bank JPMorgan.

«I do not think that the resignation of the central bank governor will have a negative impact,» Agence France-Presse (AFP) quoted Ankara's TOBB University of Economics and Technology professor Fatih Ozatay as saying.

«Moreover, this is a development that will take the pressure off the central bank.» Meanwhile, veteran emerging market (EM) analyst Timothy Ash called Karahan a «respected ex-NY Fed economist.»



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Turkish cosmetics products attract visitors from Middle Eastern countries



Continued From Page 1

While cosmetics consumption increases by 10-20 percent in Turkish lira under normal circumstances. Cosmetics spending per capita in Turkey is \$30, while this figure is much higher in Europe and the United States.

To sum up, shaving products, depilatory products, shower gels, shampoos, soaps, lip and eye make-up products, deodorants, perfumes, colognes, wet wipes and diapers are the major products manufactured in Turkey. Manufacture of natural, organic and

herbal products are becoming popular in Turkey day by day, which many small sized companies operate in. Especially, the world famous daphne oil and olive soap are manufactured in Turkey in vast amounts.

There are about 5.000 companies operating in Turkish cosmetics sector including manufacturers, exporters, importers and distributors which employ 120.000 people according to estimations. 170.000 cosmetics products including 46.000 domestic are distributed in Turkey and products are being sold in

220.000 retail points of sale including supermarkets, retail chains, discount stores, concept stores, pharmacies, perfumeries, cosmetics chains and department stores.

Ranked among the top 20 of the more than 100 aromatic plant-exporting countries in the world in terms of export volume, Turkey's aromatic plant industry includes rich flora with big potential for the food industry as well as the cosmetic and perfume industry. Considering that four out of five of the world population still greatly benefit from traditional medicinal plants, while four out of five of the world population still benefit immensely from the benefits of traditional, medicinal plants,



SobMaExpo, Moscow: 11th International Exhibition for Contract Manufacturing and Private Label Market

Continued From Page 1

Currently, many big corporations have suspended their activity in Russia, so retailers are looking for new products and manufacturers to compensate the market needs which continue to be strong with population over 146 mln people. Find dozens of new customers and reliable partners

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Turkish exporters break sales records to 70 countries as usual

Continued From Page 1

The ministry also said that while imports from the EU countries decreased by 16.1% in January-November 2023, Türkiye's sales to the bloc jumped by 1.2% in the whole year, reaching \$104.3 billion.

The manufacturing industry accounted for 94.2% of the total exports, with an amount of \$241 billion, the statement added. The share of medium-high and high-tech product sales rose to 40.3%. Notable high-tech exports included aircraft and related components, pharmaceuticals, immune products, video recording devices and photovoltaic cells.

In 2023, exports exceeding \$1 billion were recorded in 54 products, out of which 39 simultaneously saw their highest sales ever.

Shipments exceeding \$1 billion were made to 49 countries in 2023, the Trade Ministry said. Some 30 cities in Türkiye also achieved sales figures surpassing \$1 billion.

Providing insights into global exports of Turkish products, the ministry said Türkiye is the world's top seller of construction iron, raw/block/semi-processed marble-travertine, cement, hazelnuts, flour, refined sunflower oil, dried grapes, dried apricots, dried figs, shell-less pistachios and bulgur.

The nation is top in Europe in home textiles and second globally in carpet exports. It ranks fourth globally in exports

of buses, minibuses, electric ovens, dishwashers and washing machines.

It is the world's fifth-biggest exporter of refrigerators, deep freezers and small electric household appliances, while it ranks seventh in total textile and ready-to-wear exports and eighth in truck, van and pickup sales.

Exports are among the government's top priorities, which seeks to rely on them to ensure sustainable economic growth.

Türkiye has embraced more conventional policymaking after the May elections and delivered aggressive monetary tightening aimed at arresting soaring inflation, reducing trade deficits, rebuilding foreign exchange reserves and stabilizing the Turkish lira.

Inflation rose to nearly 65% last month and is expected to peak at 70%-75% in May before dipping to about 36% by the end of 2024 as tightening cools prices.

The Trade Ministry affirmed the commitment to lift exports further and achieve the government's goals set for this year.

«With the effective policies and strategies we are implementing to elevate our exports to higher levels, we continue our efforts to achieve the 2024 Middle-Term Program goal of reaching a \$267 billion goods export volume,» the statement said.

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Türkiye's economic policy pivot more durable



Fitch Ratings has «greater confidence» that Türkiye's current economic policy pivot is «more durable," a senior director in Fitch Ratings' sovereigns group and primary Türkiye analyst told an interview with Anadolu Agency.

«Regarding the effectiveness of the policy shift, improving reserve levels, reduced contingent liability in terms of effects of protected deposits without increasing dollarization, reduced current account deficit and easing inflation expectations, these developments warrant the rating that we took," Erich Arispe Morales told AA.

Morales answered the questions of AA after Fitch Ratings raised Türkiye's credit rating from a «B» to a «B+» and its outlook from stable to positive.

He recalled that the credit rating agency affirmed the country's credit rating as «B» in September last year and increased the rating outlook from «negative» to «stable» and said: «It reflected our assessment that the policy pivot was consistent with

reducing the risk of macroeconomic and financial instability. Since then, we have greater confidence that the current policy pivot is more durable." «The market has opened not only for the sovereign but also we saw that banks and corporates also accessing external financing after the policy pivot," the analyst said.

He stressed that there have been other «welcome developments» in the Turkish economy, including the decline in Türkiye's five-year credit risk premium.

Furthermore, Morales mentioned that economic policies were effective in easing inflation expectations and bringing inflation down gradually.

«We think that the policy mix now is consistent with reducing the current account deficit in Türkiye. We have seen that after peaking around \$60 billion on a 12-month rolling basis in May 2023, it has started to come down and ended the year at \$45 billion," he said.

«We expect that going forward, the current account deficit in the country will reduce further to around 2.6%

of gross domestic product (GDP) in 2024 and 2.2% of GDP in 2025, which is below the projected medians for countries with similar rating as Türkiye," he explained.

«Also, with the caveat that we've seen an improvement in the international reserve levels, and we know that if the policy settings are sustained as our base case assumes we will be seeing that reserve coverage will improve to four, five months in 2025. That would bring Türkiye's reserve coverage above what is expected for countries with a similar rating, that is the B rating category," the analyst added.

FX-protected deposits

«We have seen two important developments about FX-protected deposits. First is that it has declined from around \$130 billion at the end of August 2023 to currently \$74 billion," said Morales, referring to a steep fall in the volume of deposits under the so-called KKM scheme which authorities began rolling back last summer.

He emphasized that the decline did not lead to a significant increase in financial dollarization.

«Moving on six months from our September review, we can say that we have greater confidence that the policy shift will be sustained," Morales said.

He said that various factors, such as the «global economy, growth prospects and the monetary policy or political developments» have been influential in the decisions by foreign investors regarding Türkiye.

«It is important to note that one of the factors we noticed is that the policy shift has not only reduced macroeconomic financial stability risk, but it also actually led to an improvement in external financing conditions.»

«So, in that regard, it seems that the assessment of both the credibility,

durability and consistency of the policy framework has played and will continue to probably play an important role in investor expectations for the country," he added.

Morales said that although inflation is expected to decline significantly over the next few years, «inflation remains a key policy challenge for Türkiye." «The inflation we have seen in the first two months of this year has reflected some policy measures implemented since the end of last year. One of them is the increase in the minimum wage of 49% at the beginning of the year. This has provided some impetus to domestic demand and household consumption.»

«We also have seen public spending and the use of credit card growth has also moved up in Türkiye. Those factors have led to higher inflationary pressures in the first two months of the year. We acknowledge that," he added.

«We stay with our expectation that both fiscal monetary credit and income policies will be consistent with attempting to bring inflation down and to have a month-to-month path that approaches what the central bank is projecting at the end of this year," said Morales.

«However, we also noted that we expect inflation to be above the central bank projection of 36%, at about 40%," he added.

Moreover, he mentioned that they expect inflation to «average around 58% this year and coming down to 29%," as it remains «a key policy challenge for Türkiye not only this year and next but also over the medium term," he said.

«Evidence of sustained progress in Türkiye's disinflation process and greater confidence that the current policy normalization and rebalancing process will lead to a sustained decline.



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Turkish export climate index picks up to 8-month high



Continued From Page 1

All figures measured above the threshold value of 50.0 in the index indicate an improvement in the export climate, while values below 50.0 indicate deterioration. The index results indicated a second consecutive month of improvement in demand conditions in export markets. Although the strengthening in the export climate was moderate, it was the most significant since June of last year. The February data indicated a strong increase in economic activity in the United States, Türkiye's second-largest export market.

Expansion accelerated in many important export markets in Europe, and signs of recovery continued after a weak period. Production growth in the United Kingdom, Italy and Spain gained momentum in February. On the other hand, the largest export market for the Turkish manufacturing industry, Germany continued its trend of contraction in February, while France also experienced similar conditions in production last month. The ongoing weakness in these two economies, which account for about 13% of Turkish manufacturing industry exports, limits the overall improvement in the export climate, the

Türkiye explores gas delivery partnership with Turkmenistan

The delegation of the state-owned Petroleum Pipeline Company (BOTAŞ) recently held a series of meetings with representatives of Turkmenistan's public natural gas and petrol companies regarding the delivery of Turkmen gas to Türkiye, according to the firm's statement. During the meetings, the strong ties between Turkmenistan and Türkiye were emphasized and BOTAŞ's determination and desire to deliver Turkmen gas to Türkiye was expressed in line with the political will of the leaders of the two countries, the company said in the statement. BOTAŞ expressed its readiness to support the Turkmen side to realize this goal "while the importance of maintaining constant communication between the two state-owned companies

to bring Turkmen gas to Turkish and world markets was underlined." The company also emphasized that it continues its work to increase the diversity of energy resources and "achieve our country's goal of becoming a natural gas hub." Türkiye heavily relies on imports for its energy needs but seeks to expand its reach and has been working on ramping up explorations and production to curb its external dependence. "On Jan. 29, 2024, a meeting was held at BOTAŞ headquarters, with the participation of Turkmenistan's Ambassador to Ankara Mekan Ishanguliyev and between a delegation of Turkmen gaz and Turkmenpetrol officials and a BOTAŞ delegation chaired by Deputy General Manager Mithat

survey said.

Manufacturing production in Romania, which accounts for approximately 3% of the export market and was added to the dataset, showed a sharp decline in February, as it did in the previous month.

Among the countries monitored in the survey, the United Arab Emirates (UAE) recorded the fastest growth in economic activity.

Looking at other Middle Eastern countries, production increased in Saudi Arabia and Qatar while contraction was observed in Egypt and Lebanon. In Russia, production continued to grow in February, albeit at the slowest pace in the last 13 months.

Other BRICS economies also remained in the expansion zone in the middle of the first quarter.

Andrew Harker, Economics Director at S&P Global Market Intelligence, said in a statement that the recent recovery in the foreign demand conditions of Turkish manufacturers gained momentum in February and that signs of recovery began to be seen more clearly in many European markets, in addition the the U.S. market.

"The continuing strength of demand in the Middle East means that opportunities are expanding for manufacturers. The main exceptions to this positive trend in February were Germany and France, where challenging production conditions persisted," noted Harker.

Aydın, where the transportation of Turkmenistan gas to Türkiye and the short and long-term cooperation opportunities between the parties were discussed," the Turkish company said on its website. It added that another high-level meeting was held between the BOTAŞ chairperson and General Manager Abdulvahit Fidan, Ishanguliyev and vice presidents of Turkmen gaz and Turkmenpetrol. There is no direct route for gas from Turkmenistan to come to Türkiye. Turkmenistan has connections to Russia via Kazakhstan and directly to Iran's gas network. The pipeline project that would connect Turkmenistan to Azerbaijan, and thus to Türkiye and Europe, via the Caspian Sea was evaluated in the past.

Türkiye 'received \$262 billion in investments in 21 years'



Continued From Page 1

«Now it is a middle high-income country with a per capita national income of \$13,000," he said.

"Again, if we look at it, while Türkiye was a country with a share of less than 0.5 percent in world trade at that time, it has now increased its global exports share to over 1.1 percent.»

Dağlıoğlu noted that Türkiye has attracted \$262 billion in investments since 2003.

«According to data from the Industry Ministry and Trade Ministry, foreign companies account for 8.4 percent of employment and private sector employment in Türkiye," he said.

"Companies with international capital also account for 30 percent of private sector R&D expenditures in the country. Sixty percent of exports consist of high and medium-high products. In this context, we see that YASED members positively improve the investment environment in Türkiye in a way that increases value added, and that they attract Turkish companies to international supply chains, enabling them to move up the value chain.»

Dağlıoğlu emphasized that Türkiye aims to soon be among the high-income countries by exceeding \$15,000 per capita national income.

«Our share of international direct investment in the world is currently around 1 percent. We want to increase it to 1.5 percent," he added.

Speaking at the same event, Humberto Lopez, World Bank country director for Türkiye, said that electricity production and carbon reduction are very important and that there is very good news in the case of Türkiye in this regard.

Lopez stated that Türkiye is currently using 55 percent renewable energy.

"This is a very good thing. There is a very good picture not only among developing countries, but all over the world," he said.

"At the same time, some effort is needed on the production side. Because the private sector has to make an effort. They have to adapt to this new situation. Otherwise, you cannot be competitive, and you have to be competitive so that this adaptation can take place." Engin Aksoy, president of YASED, stated that international investors contribute to the sustainable development of Türkiye by investing in all sectors of the economy, supporting production, exports and employment.

«Continuing the fight against inflation within the framework of a rational policy with the planned roadmap and eliminating the uncertainties in the pricing mechanisms as planned are also of great importance in restoring confidence in our country," he said.

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IMF ups Türkiye, world 2024 forecast, sees global 'soft landing'



Continued From Page 1

The IMF said the improved outlook was supported by stronger private and public spending despite tight monetary conditions, as well as increased labor force participation, mended supply chains and cheaper energy and commodity prices.

The IMF forecast global growth of 3.1% in 2024, up two-tenths of a percentage point from its October forecast, and said it expected unchanged growth of 3.2% in 2025. The historical average for the 2000-2019 period was 3.8%.

It forecast global trade growth of 3.3% in 2024 and 3.6% in 2025, well below the historical average of 4.9%, with gains weighed down by some 3,000 trade restrictions that were imposed in 2023.

The IMF stuck with its October forecast for headline inflation of 5.8% for 2024, but lowered the 2025 forecast to 4.4% from 4.6% in October. Excluding Argentina, which has seen inflation spike, global headline inflation would be lower, Gourinchas said.

Advanced economies should see average inflation of 2.6%, down four-tenths of a percentage point from the October forecast, with inflation set to reach central bank

targets of 2% in 2025. By contrast, inflation would average 8.1% in emerging market and developing economies in 2024, before easing to 6% in 2025.

The IMF said average oil prices would drop 2.3% in 2024, versus the 0.7% decline it had predicted in October, and said prices were expected to drop 4.8% in 2025.

The IMF said new commodity price spikes from geopolitical shocks, including continued attacks on shipping in the Red Sea, could prolong tight monetary conditions. Gourinchas told reporters the IMF was watching developments in the Middle East closely, but the broader economic impact remained "relatively limited."

"It doesn't seem to represent, as of now, a major source of potentially reigniting supply-side inflation," he said.

The United States got one of the biggest upgrades in the January update of the IMF outlook, with its gross domestic product (GDP) now forecast to expand by 2.1% in 2024 versus the 1.5% forecast in October. Growth was expected to ease to 1.7% in 2025.

Gourinchas credited fiscal support and strong consumer spending for the upgrade, but said the IMF had

told Washington it had concerns that some of its subsidies from domestic producers and other industrial policies could violate global trade rules.

The eurozone got a downgrade, and was now expected to grow just 0.9% in 2024 and 1.7% in 2025, with the biggest European economy - Germany - expected to see minimal GDP growth of 0.5% in 2024 instead of the 0.9% forecast in October.

China's GDP was expected to grow by 4.6% in 2024, an upward revision of four-tenths of a percentage point from October, and 4.1% in 2025. Gourinchas said the boost reflected significant fiscal support from the authorities, and a less-severe-than-expected slowdown stemming from the property sector.

The global lender sees Türkiye's economy growing 3.1% this year, compared to its earlier forecast of 3%.

It expects it to expand by 3.2% in 2025, unchanged from its last year's estimates.

Gourinchas said the U.S. Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) were expected to keep interest rates steady at current levels

until the second half of 2024, with a gradual decline expected thereafter. The Bank of Japan (BOJ) was expected to maintain low interest rates, and that was "appropriate," but the IMF had told it to be ready to raise rates if inflation spiked, he said.

Gourinchas added that markets had been "excessively optimistic" on the prospects for early interest rate cuts by major central banks, and a repricing could increase long-term interest rates and trigger more rapid fiscal consolidation that would weigh on growth prospects.

Growth in emerging markets and developing economies overall was expected to come in at 4.1% in 2024, with emerging and developing Europe getting an upgrade due to stronger-than-expected growth in Russia on the back of high military spending related to the ongoing war in Ukraine.

Russia's GDP was expected to grow 2.6% in 2024, 1.5 percentage points more than expected in October, with growth seen easing to 1.1% in 2025. The IMF said there could be further revisions since the numbers were preliminary and there were questions about the extent of Russia's fiscal stimulus.

Negative growth in Argentina dragged the forecast for the Latin America and Caribbean region lower, with growth likely to decline to 1.9% in 2024, four-tenths of a percentage point lower than in October. Growth should edge higher to 2.5% in 2025, the IMF said.

Gourinchas said the global outlook reflected more balanced upside and downside risks, with the risk of a wider conflict in the Middle East offset by the prospect that lower fuel prices could help inflation fall faster than expected.

"We see them as broadly balanced at this point," he said, noting that a lot of the downside risks - especially with respect to disinflation - seen a year ago had not materialized.

DEİK to lobby for modernization of customs union with EU

The Foreign Economic Relations Board (DEİK) will be lobbying for the modernization of the customs union between Türkiye and the European Union, says Nail Olpak, the president of DEİK.

Haberin Devamı

The upcoming elections for EU Parliament pose a risk as the elections may slow down the process, Olpak told a group of journalists in Istanbul.

"Steps can be taken in this regard as of the second half of the year, which of course means some waste of time. We would like to see the decisions, which Türkiye has been looking for, taken before the elections and the customs union is updated as soon as possible," he said.

The other important issue DEİK keeps an eye on the relations with the bloc is the EU Green Deal and the carbon border adjustment mechanism, Olpak added. "The Green Transition and the Green Economy are on the agenda now... As the Turkish business world, we need to prepare for this new era, specifically in Europe, where Türkiye's largest export market," he noted.

"The trade volume between Türkiye and the European Union is around \$200 billion, but the customs union only covers industry and processed agricultural products," DEİK said in a statement, adding that the customs union needs to be rapidly updated to adapt to the requirements of today's trade environment.

DEİK has been reiterating this stance on behalf of the Turkish business community in meetings it holds with EU member countries, the board said.

The board recalled that Türkiye's exports reached an all-time high of \$255.8 billion last year despite the global challenges.

Türkiye aims for a total export revenue of \$375 billion, including services exports, in 2024, it added.



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MG International Fragrance Company Junior Perfumer Koray Sevinç: "Perfume is the most powerful factor that triggers emotions."



Are you ready to embark on a captivating journey into the world of fragrance? Koray Sevinç, Junior Perfumer of the MG International Fragrance Company, shared his career story, the subtleties of perfume making, fragrance trends, and future predictions.

How did you decide to become a perfumer? How did your paths cross with MG International?

Perfume has been at the center of my life. Since childhood, the sense I've thought about and pursued the most is to Smell. I've always followed my nose, trying to understand and interpret the scents. The sudden touch of an invisible, abstract power to a person is miraculous. That's why specializing in a field related to fragrance has been my dream since childhood. Even if I hadn't become a perfumer, I would probably be working in a field where we witness the miracle of scents. My focus area was determined during my high school years. During my university years, I wrote articles about fragrances and perfume critics for blogs, newspapers, and magazines. Of course, my greatest dream was always to create. It fascinated me to depict a story or a memory with fragrance. That's why my desire to become a perfumer always outweighed other options. This led me to decide to become a perfumer. One of the first companies that comes to mind when we talk about fragrance creation is MG International Fragrance Company. MG is a leading company in its field both in Turkey and around the world. Working within MG International has been one of my biggest dream since I

wanted to become a perfumer. My path with the company intersected exactly 10 years ago at an exhibition in Istanbul. I remember being very excited when I expressed my desire to work with them.

What is the relationship between scent and emotions?

Although scents rank at the bottom of the hierarchy in terms of the importance we attribute to senses, it is crucial from a life perspective. The relationship between the olfactory sense and the limbic system, which is the production and control center of our emotions, is very strong. I call it a love affair. The limbic system's approach to all other sensory organs and stimuli is much more ambivalent than to scents. All stimuli other than scents go through certain stages and processes to reach the limbic system, but scents bypass all filters and can directly access the limbic system. That's why it induces sudden emotional responses, changes our mood, or takes us back in time. Scents become an inseparable part of memory. When we ask ourselves why we associate memories with a scent, all arrows point to the limbic system. This situation also has an emotional dimension. Scents can be both healing and traumatic. For example, encountering the perfume of someone we never like and make efforts to forget years later can evoke discomfort.

What are your future predictions regarding perfume trends?

Trends are very variable, and a perfume that has marked an era can break all the norms and be-

come a trendsetter. In the past, each period had its own spirit and scent. When we think of the 80s, we remember magnificent and sparkling chypres, or in the 90s and early 2000s, sterile and distant floral and aquatic perfumes were quite popular. If I were to talk about recent times, rose was a highly preferred note for a period, then oud, iris, and tuberose became signature ingredients for every brand. My prediction is that we will see more vanilla and tobacco notes in the coming years because most new perfumes are being built around these notes.

What are the subtleties of selecting a perfume? What should one pay attention to when choosing a perfume?

Choosing a signature perfume starts with deciding exactly what you want. A signature perfume is something preferred by someone who is dominant in style and refuses to deviate from the norms. Don't think of this as being close to innovations. They can be quite dynamic and futuristic in their own style. Also, someone with a signature scent seems to me to be more loyal and determined in their personal life. This concept of perfume is not very common today. There are too many options around us now. Trends change very quickly. I think it's important not to make quick decisions to

find the perfume that suits us best and to expose ourselves to that perfume for a while. There's no point in carrying a perfume on our skin that we'll quickly get tired of.

What are the most impactful or essential events in the history of fragrances from the past to the present?

The discovery of synthetic molecules was revolutionary in the perfume industry. Many molecules like gamma undecalactone, which gives the scent of peach, hedione which smells like jasmine, calone which smells like freshly cut watermelon, Iso E Super which smells like cedarwood, and molecule Ambroxan opened a new door in perfumery and created olfactory richness with chords that had never been designed before. The excessive doses of aldehydes used in Chanel No.5, one of the world's best-selling perfumes (which are widely used in soap and detergent products), added a different dimension to the perfumery of the time. Also, the sensational life and tragic death of Marilyn Monroe, the iconic face of Chanel No.5, unfortunately positively reflected on the perfume's fame. There have been many faces representing Chanel No.5, but none have been as memorable as Marilyn Monroe. Duygu Besbicak





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