A Comprehensive Overview of the Turkish Economy in Relation to Policy Frameworks

First and foremost, we would like to express our gratitude, for being given us the opportunity to present to distinguished Foreigner firms in Türkiye on the subject of the *"Turkish Economic Outlook under recent Exchange Regimes and Alternative Bussiness Models for Foreign Companies*."

The primary reason behind assigning us this presentation is to address the challenges posed by the depreciation of the Turkish lira, particularly due to its sharp decline against the U.S. dollar, which has resulted in significant cost increases. This issue, especially affecting the Korean industrial sector, is part of a broader foreign currency problem faced by the entire manufacturing industry. It is important to highlight that the main cause of the pressure over Turkish lira by the foreign currencies is the severe impact of even minor fluctuations in exchange rates on consumer prices, which in turn drives inflation to levels far beyond normal market conditions.

1. Historical Economic Policies and Exchange Rate Regimes

I will present a comprehensive overview of the key opportunities for South Korean investment and collaboration with Türkiye, starting with a look at Türkiye's economic evolution and historical context, and highlighting the strategic areas where both nations can mutually benefit from growth and development.

Following the 1960 military coup, Türkiye shifted towards a planned economy, which defined much of its economic direction, including the development of crucial infrastructure like **TELEKOM**. In 1973, Türkiye, under its planned economy, achieved a significant milestone as exports outpaced imports, resulting in a favorable balance of payments. During that period Mr. Krueger stated as follows *"In 1973, Türkiye became the world champion in export growth, and in 1974, the country had a budget surplus. I believe it is no coincidence that the Cyprus operation occurred in this year from an economic development perspective. An economy with a budget surplus, operating within a planned growth strategy, creates the potential to fully comprehend the industrialization process and secure its economic future."*

According to the industrial developments regarding planned eceonomy In 1978, the European Union extended an invitation to Türkiye, which was rejected by Prime Minister Ecevit on the grounds that the Turkish lira was strong and inflation was low. At that time, I was working in the European Union's Factory and Business and Labor Relations Office. Another factor behind the offer was the existence of dictatorial regimes in Greece, Spain, and Portugal and EU wants to notify these countries.

When a cash shortage occurred due to highly densified planned investments, the 1980 coup took place, and the flexible exchange rate system was adopted. The most significant turning point was Türkiye's transition to the Customs Union in 1995 without becoming a member of the European Union.

When the Customs Union was accepted in 1995, our auto parts imports were valued at $1.5 billion USD. By 1996, this figure had doubled to $3 billion USD, further widening the trade deficit. The Customs Union (CU) agreement led to a substantial rise in Türkiye's trade deficit with the EU, surging by **237%** between 1996 and 2000, to a staggering **$56 billion USD**.

Industrialists were unable to compete with this situation and ended up exploiting the banks. Due to the Customs Union, industrialists, under competitive pressure, saw the only solution as taking out loans from banks to make their industrial goods competitive.

When the loans were not repaid, the 2001 crisis occurred. Later, a flexible regime was adopted, and stability was restored.

The 2001 financial crisis, which led to the collapse of major Turkish banks, was driven largely by unsustainable external debt, inflation, and the deepening trade deficit with the EU. This crisis prompted the IMF's intervention, bringing about a significant restructuring of Türkiye's economic policies. Despite the recovery efforts, the legacy of the crisis and the currency’s volatility persisted into the early 2000s.Between 2001 and 2003, Türkiye witnessed the seizure of **Interbank.** During this process, I successfully recovered $1 billion USD from abroad on behalf of the government.

At that time, the dollarization policy, which was clearly flawed, emerged. Argentina went bankrupt due to this policy, and for this reason, Türkiye did not implement it.Around the same time, other countries were grappling with their own economic crises—Mexico, Asia, Russia, Brazil, and Argentina were particularly affected. Brazil’s decision to let the Real float freely undermined Argentina’s competitiveness. During this period, I conducted research in Argentina and met with Steve Hanke, a professor at Johns Hopkins University, who was instrumental in shifting Argentina to a dollarization system, famously proclaiming ***"1 dollar = 1 peso."*** Especially during this period, Türkiye did not implement this policy due to the disaster in Argentina. I remember asking Hanke in Washington why his project was not successful, to which he responded, "*I didn’t account for corruption."*

2. Recent Developments in TL, Inflation and Interest Rates in Türkiye

The Turkish Lira (TL) has experienced significant depreciation against the US Dollar, influenced by various factors including geopolitical tensions, unconventional monetary policies, rising global energy and commodity prices as well as negative global market conditions. As of 2024, the USD/TL rate fluctuates around historically high levels, primarily due to inflationary pressures and central bank decisions.

Turkish government has launched a medium-term program aimed at returning inflation to its normal levels. While annual inflation in Türkiye is expected to be 41.5 percent by the end of this year, it is expected to recede finally to a single-digit inflation of 9.7 percent in 2026 and 7 percent in 2027. One of the key measures in this program is the Domestic Minimum Corporate Tax regulation, which will come into effect in the first quarter of 2025. This regulation seeks to prevent excessive tax deductions and exemptions by establishing a minimum corporate tax base, thus ensuring tax fairness and contributing to inflation control by 2025.

On the other hand, persistent cost-push inflation, exacerbated by supply chain disruptions and high import costs, continues to affect consumer prices. According to the *October 2024 Market Participants Survey*, the year-end inflation expectation (CPI) is 44.11%, while expectations for 12 months and 24 months are 27.44% and 18.08%, respectively.

Additionally, the Central Bank of Türkiye has been implementing rate cuts despite high inflation. However, recent policy shifts under the new economic team are expected to normalize interest rates, aiming for tighter monetary control to stabilize the TL.

Despite these efforts, continued capital outflows and foreign currency demand have kept the pressure on the TL. Investor sentiment plays a key role, often reacting sharply to shifts in political or economic policies.

Over the medium term, the USD/TL exchange rate may stabilize if the central bank maintains tighter monetary policy. However, risks from external shocks and domestic factors such as elections could cause volatility. The government's focus on attracting foreign direct investment (FDI) and increasing exports are strategies designed to improve the balance of payments, which could relieve some of the currency pressures.

If we look at Today;

Usd/TL:
Recent economic data released in the US recession to allay concerns and to optimise the soft landing scenario strengthened the interest rate hikes regarding the FED in the markets. It is seen that the expectations for a cut have been somewhat rubbed down. FED decreasing expectations for the pace of interest rate cuts and the US election with the approach of the calendar, the demand for dollar strengthened protecting it.

TL Bonds/Bills:
Until the CBRT starts to cut interest rates or until the first the downward cycle in bond yields until the next signal postponed. As interest rate cut expectations are postponed, bonds the expectation of a fall in interest rates is also postponed. CBRT's inflation of his cautious stance without seeing concrete achievements we expect a continuation. October inflation data to be announced will be important.
Globally, the vitality of the US economy will push bond yields upwards pushing. In the main picture, the FED is in the interest rate cut cycle moving forward. Depending on the pace of the FED, bond yields are down may maintain its trend.

Eur/Usd:
Signs of deepening contraction in European economies, ECB on interest rate cut expectations are increasing. US on the other hand, strong macro data traffic, FED FOMC members recent statements indicate that interest rate cuts will continue at a cautious pace messages on the need for a reduction in the number of people in the labour market. Powerful data caused the FED to slow down the pace of interest rate cut path may be.
Another reason for the pressured course in the pair is the US elections as the latest polls show Trump closing the gap with Kamala Harris in favour of the government expenditures. Public expenditures and plans to increase tariffs will increase the demand for dollars policies that will increase the growth of the US economy. The US election is ahead of us. According to the election results, which candidate the US economy and even the global economy, depending on who will be the president. The pulse of the economy may beat differently.
Today, the FED will announce a new report on the current situation in the American economy. publication of the 'Beige Book' report containing evaluations expected. Tomorrow, leading indicators for both European and US manufacturing and service PMI data will be announced. PMI data results mobility can create.

Gbp/Usd:
BOE governor Bailey will speak today. Something different if he says that, it may create movement. Inflation in the UK as in Europe, it gives the appearance of retreating rapidly. Gain in inflation while BOE gained room for a rate cut, interest rate Increasing discount expectations as a pressure factor in parity we are confronted with. The Dollar Index has been rising with the recent domestic and global developments trend continues. Although they are in an interest rate

cut cycle FED is perceived more hawkish than others. Interest rate differential in parity may continue to be in favour of the dollar.

Gold:
Continued uncertainty in geopolitical risks, US the approaching elections keep the demand for gold strong on the US side, strong macro data traffic, FED FOMC members' recent statements suggest that interest rate cuts should be cautious. the messages that it should be reduced at a faster pace while the Dollar Index (DXY) and the US 10-year interest rate the rise continues macro data in a period of increasing uncertainty for gold prices. We think that sensitivity has decreased. Before the US elections, although there is demand for the dollar, uncertainty pricing is also for gold can continue to be supportive.

3. Investment Climate and Risks for Korean Investors

The depreciation of the TL, while challenging for domestic businesses, presents an opportunity for foreign investors as it reduces local costs when converted from stronger foreign currencies. For Korean investors, particularly in sectors like manufacturing, automotive, and electronics, this offers an opportunity to invest in cost-competitive projects.

However, the risks associated with currency volatility remain high. It is essential for investors to evaluate **hedging strategies against currency fluctuations**. The Turkish government's commitment to stabilizing the economy through monetary tightening, along with strong fiscal incentives for foreign investment, provides a favorable outlook.

4. Recent Developments in Turkish Economy

Between 1990 and 2023, Türkiye's Gross Domestic Product (GDP) based on Purchasing Power Parity (PPP) has increased more than ninefold. Despite various global economic challenges in recent years, the Turkish economy continues to exhibit strong growth. In the first quarter of 2024, our economy grew by 5.3%, followed by 2.5% growth in the second quarter. Over the period from 2003 to 2023, Türkiye's GDP grew at an average rate of 5.4% per year, while per capita income more than doubled. With a GDP of $1.13 trillion, Türkiye is ranked as the 11th largest economy in the world by the IMF, based on PPP.

On the trade front, our total goods exports reached $256 billion in 2023, marking the highest annual export figure in the country's history. In 2023, Türkiye's share of global goods exports was calculated at 1.08%, while its share in global services exports stood at approximately 1.29%. For the January-August period of 2024, exports increased by 3.9% year-on-year, reaching $170.8 billion, setting the stage for another record-breaking year.

In 2024, we also saw significant improvements in our trade balance. The trade deficit, which stood at $83 billion for the January-August period in 2023, narrowed to $55 billion in the same period of 2024.

Türkiye's long-term goal is to surpass $1.3 trillion in GDP, thus positioning itself within the high-income country group. Our past performance suggests this is an attainable goal. For 2025, we have set a growth target of 4%, with exports as the main driver of growth. Our export targets are $279.6 billion for 2025 and $319.6 billion for 2027.

Our economy is fully integrated into the global economy through mechanisms such as the Customs Union with the EU and 23 Free Trade Agreements (FTAs) and 4 Preferantial Trade

Agreements. Negotiations continue to expand our free trade network, including with Japan, and we aim to successfully conclude ongoing FTA negotiations with the Gulf countries.

Over the past decade, Türkiye's industrial production growth rate has remained steady at around 4-5%, demonstrating the resilience of the manufacturing sector even in volatile economic conditions. Additionally, historical analysis, such as Orhan Güvenen's 2001 study on *"Capital Flows and Sudden Stops in the Turkish Economy,"* suggests that consumer income in Türkiye, when adjusted for informal economic activities, has always been significantly higher than official estimates. If we apply similar metrics today, the consumer income index—officially reported at around $10,000—could realistically be as high as $20,000 or even $25,000 when considering the size of the informal economy.

These economic indicators highlight the stability and resilience of Türkiye's economy, reinforcing its position as an attractive investment destination for foreign firms. Moreover, it is important to note that as Türkiye continues to strengthen its regulatory frameworks, the underground economy will gradually be integrated into the formal economy, further enhancing transparency and economic predictability.

5. Potential Business Model Proposals for Korean Investors

In summary, the challenges posed by foreign currency fluctuations are temporary and manageable. In this presentation, we aim to provide Korean firms with actionable strategies on how to trade with and invest in Türkiye while minimizing the impact of exchange rate volatility **by non financial business models**. We will outline potential business models that can be implemented with reduced exposure to currency fluctuations, allowing for stable and profitable operations.

5.1. The Free Trade Agreement (FTA) Between Türkiye and South Korea

As is well known, The Free Trade Agreement (FTA) between Türkiye and South Korea, implemented in 2013, marked a significant milestone in enhancing economic relations between the two nations. This agreement facilitated increased trade particularly in industries like automotive, electronics, and chemicals. However, it is difficult to say that South Korean companies have made full use of investment oppurtunities in Türkiye so far. We strongly advise Korean companies to invest in Türkiye and expand their business regionally by considering the advantage of favorable market access to the Turkish market thanks to the TR-KOREA FTA and further to the other markets such as mainly Europe, the Middle East, and North Africa thanks to the 23 FTAs of Türkiye,

Half of Türkiye's foreign trade deficit could be closed by combining Türkiye's advantages with Korean technology to address the import gap of Türkiye.

However, Turkish policies to control imports may pose potential challenges, with anti-dumping measures similar to those used against China possibly being applied to Korean products, thus complicating access to the Turkish market.

It is also important to highlight that Türkiye presents excellent opportunities for advanced technology investments, particularly under the HIT-30 project. In this context, we propose several business models that can drive profitability. Korea stands to gain significantly by taking an active interest in Türkiye's tailored incentive schemes, specifically the HIT-30 program and localization policies. By establishing collaboration with Türkiye as a strategic economic partner, Korean firms could achieve substantial returns.

5.2. The Inward Processing Regime (IPR) in Türkiye

Türkiye's **Inward Processing Regime (IPR)** offers significant advantages for foreign companies, including those from South Korea, by providing exemptions from customs duties and VAT for raw materials, intermediate goods, and inputs imported into Türkiye for the purpose of re-exporting them. This regime is particularly beneficial for manufacturers seeking to reduce production costs and enhance their competitive position in global markets.

By importing raw materials at zero or reduced customs duties, companies can process these materials in Türkiye and then export the finished products to various markets, including Europe and the Middle East. Around 45% of Türkiye’s exports consist of products that are imported under the IPR, processed domestically, and then re-exported. This system allows Korean companies, even for products not listed in the FTA, to enter European and other markets at a lower cost, taking advantage of Türkiye’s favorable geographical location.

Additionally, Türkiye's **IPR**, which allows companies to import raw materials without customs duties for re-export, became an attractive feature for international manufacturers, including those from Korea. **45% of Türkiye’s exports** benefit from this regime, helping companies reduce production costs and increase global competitiveness.

The **IPR** is widely recognized for helping firms enhance their competitiveness on an international scale, and it plays a crucial role in Türkiye’s industrial and trade strategy. In this context, **Japanese companies** have also successfully harnessed this regime to boost their production and export activities in Türkiye, providing a model for how South Korean businesses can similarly benefit from this system. Recently, a Chinese company conducted market research in Türkiye with the aim of **purchasing phosphate from Serbia,** processing it at its Adana Yumurtalık facility for export, and we facilitated the establishment of this relationship by providing consultancy services.

The fact that TAFE, the third-largest tractor factory in the world, has managed to produce 100% domestically made tractors that comply with EU environmental standards in the Manisa Organized Industrial Zone supports our view.

5.3. Backward and Forward Participation Model

The **Backward and Forward Participation Model** is a key concept for global value chain involvement, which can provide substantial benefits for South Korean companies operating in Türkiye. This model involves participation at various stages of the supply chain to optimize costs, control quality, and improve market access.

Backward participation refers to a company’s involvement in the earlier stages of production, such as procuring raw materials or intermediate products. By sourcing materials from Turkish suppliers or establishing production facilities in Türkiye, South Korean firms can take advantage of lower labor costs, geographical proximity to key markets, and tax incentives. For instance, Korean electronics or automotive manufacturers can collaborate with Turkish producers or establish local operations, thereby reducing logistics costs and improving supply chain stability.

Forward participation, on the other hand, focuses on the distribution and sale of finished products. South Korean companies can develop their own sales and distribution networks in Türkiye to reach not only the Turkish market but also Europe, the Middle East, and North Africa. For example, a Korean car manufacturer could produce vehicles in Türkiye and sell them directly through its own retail outlets or partner with local distributors to maximize market penetration.

This participation model has been successfully implemented by various international companies, such as **India's Mahindra**, which acquired a tractor factory in Türkiye. By using Türkiye as both a production base and a distribution hub, Mahindra has reduced costs and expanded its market reach. Similarly, **South Korean firms** can apply the backward and forward participation model to maximize their investments in Türkiye, leveraging the country's strategic location and favorable economic conditions to access new markets and improve profitability.

The top six products that were imported by Türkiye from Korea in 2023 is listed below;

SITC Code	Product Name	2022 (Million $)	2023 (Million $)	Change (%)	Country Share (%)
67	Iron and steel	1,442	1,708	18.50	18.02
57	Plastics in primary form	1,560	1,390	-10.88	14.67
51	Organic chemicals	1,074	1,078	0.44	11.38
78	Road vehicles (including vehicle airbags)	613	970	58.17	10.23
77	Electrical machinery, apparatus and equipment, and parts	362	464	28.03	4.89
71	Power generating machinery and equipment	326	436	33.83	4.60
54	Medical and pharmaceutical products	482	378	-21.56	3.99
72	Machinery specialized for particular industries	211	342	61.93	3.61
74	General industrial machinery, equipment, and parts	307	326	6.07	3.43
65	Textile yarn, fabrics, and articles of textiles not elsewhere classified	423	287	-32.09	3.03
Top 10 Total		**6,801**	**7,381**		
Country Total		**9,004**	**9,479**	**5.27**	**100.00**

In my view, one of Türkiye's significant economic challenges is the approximately $400 billion debt owed to Western countries, primarily driven by the need for industrial goods and intermediate products. Korea, with its advanced technology, excels in areas where Türkiye is both advancing and dependent on imports, such as steel, plastics, and industrial manufacturing.

A **'Local Placement'** policy could be an effective approach, combining Türkiye's products, which currently experience significant export deficits and are heavily imported, with Korea's advanced technological capabilities. By implementing this strategy, Türkiye could potentially replace around $200 billion of its identified $400 billion deficit, fostering a mutually beneficial relationship.

The sectors in which Türkiye give biggest trade deficit with Korea (2023)

Sector	Exports (USD)	Imports (USD)	Deficit (USD)
Mineral Fuels	4,325,262	37,194,822	-32,869,560
Machinery	13,830,708	27,164,856	-13,334,148
Electrical Machinery & Equipment	8,097,223	21,152,053	-13,054,830
Iron and Steel	8,238,262	16,761,986	-8,523,725
Plastics and Plastic Products	5,476,514	13,265,042	-7,788,528

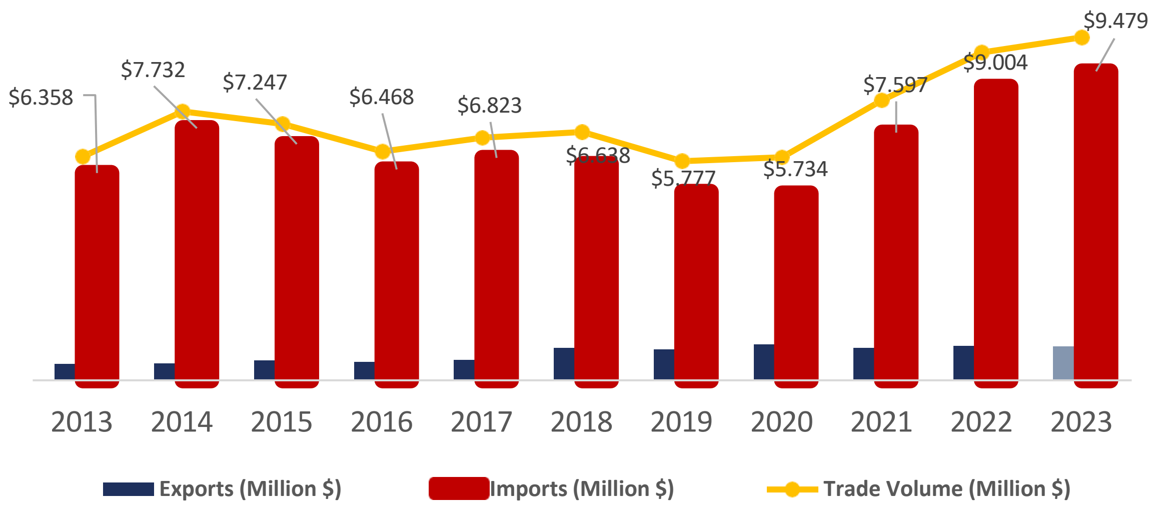
Precious Stones and Metals	10,879,079	17,443,554	-6,564,475
Organic Chemical Products	657,067	5,387,647	-4,730,580
Optical, Photo, Cinema, Measurement Equipment	810,833	4,999,048	-4,188,215
Pharmaceutical Products	875,480	4,449,099	-3,573,619
Copper and Copper Articles	1,441,815	3,326,548	-1,884,732

Between 2013 and 2023, Türkiye's exports and imports experienced fluctuations.

- **Exports** increased from $500 million in 2013 to $1.042 billion in 2023, with the largest export growth (58.09%) occurring in 2018. However, exports slightly declined in 2023 by 0.95%.
- **Imports** rose from $6.358 billion in 2013 to $9.479 billion in 2023, with a notable increase of 32.48% in 2021.
- **Trade volume** (the sum of exports and imports) grew from $6.858 billion in 2013 to $10.521 billion in 2023.
- **Trade balance** remained negative throughout the period, with the deficit increasing from $5.858 billion in 2013 to $8.437 billion in 2023.

Overall, while Türkiye's export levels saw significant improvements, the trade deficit widened due to higher import volumes.

Türkiye-Korea Bilateral Trade



Despite currency fluctuations in Türkiye, Korean firms can make strategic, long-term investments, leveraging the incentives offered by the Turkish government. These incentives, (including Cashback Support, VAT Exemption for Machinery, VAT Exemption for Construction, Customs Duty Exemption, Corporate Tax Reduction up to 200% of investment expenditures, Social Security Premium Support (Employer's Share) for up to 10 years, Income Tax Withholding Support for 10 years, Qualified Personnel Support for up to 5 years, Energy Support for up to 50% of energy expenditures for up to 10 years, Interest Rate Support for up to 10 years, Capital Contribution up to 49% of the investment amount, Land Allocation, Infrastructure Support and Purchasing Guarantee, Facilitation of Authorization / Permit / License Procedures), reduce operational costs and create a favorable environment for stable returns on investments. By capitalizing on these advantages, Korean firms can mitigate the risks associated with currency volatility and position themselves as strong players in Türkiye’s strategic markets.

Türkiye's business environment, supported by investment incentives, offers opportunities for foreign investors, including Korean firms, to engage in **backward and forward participation** models. These involve integrating supply chains through sourcing raw materials in Türkiye or using the country as a production base for goods destined for nearby markets.

Moreover, Türkiye presents opportunities for investment in high-tech industries such as **semiconductors and microchip production**, where South Korean expertise can play a pivotal role in boosting Türkiye’s local production capacity and technological development.

5.4. Advantages of Collaboration

Korean investors have a successful history of investing in Central and Eastern Europe, including Poland, the Czech Republic, and Hungary, to access the EU market. However, Türkiye offers a more robust R&D and innovation ecosystem. Türkiye provides a well-established infrastructure for investors, making it particularly attractive to Korean firms in sectors like automotive, electronics, and semiconductors.

While Korean companies like Hyundai and Kia have manufacturing plants in the Czech Republic and Slovakia, labor costs in these regions are rising. In contrast, Türkiye offers lower labor costs and a young, growing workforce, with an average age of 32, providing sustainable long-term potential for high-tech manufacturing.

Korean investments in Central and Eastern Europe often rely on government incentives, and Türkiye offers similar advantages. The Türkiye Tech Visa Program fast-tracks residency and work permits for tech professionals, while the $30 billion HİT-30 high-tech investment program presents attractive options for Korean companies focused on R&D-intensive sectors. Additionally, Türkiye’s venture capital investment funds enhance access to capital for startups and foreign investors.

Türkiye's growing presence in high-tech industries makes it a prime destination for Korean companies. Investments in **renewable energy, electric vehicles, semiconductors, and hyper-scale data centers** align well with Korean expertise in these fields. Türkiye’s large domestic market for electric vehicles and strategic location provide direct access to fast-growing regional markets.

For Korean companies with operations in Southeast Asia and the Middle East, Türkiye offers a culturally compatible and business-friendly environment, unlike countries like Poland and Hungary, which have faced anti-immigrant sentiment that complicates attracting foreign talent.

On the other hand, the European Union's **Carbon Border Adjustment Mechanism (CBAM),** set to be fully implemented in 2026, along with the **Environmental, Social, and Corporate Governance (ESG)** regulations expected to take effect the same year, present both challenges and opportunities for Türkiye and Korea. By developing technological and commercial collaborations that align with these regulations, both countries can enhance their competitive advantage in global trade. I believe that combining Türkiye's dynamic production capacity, its integration with the EU Customs Union, and its skilled workforce with Korea's technology, financing, and innovation capabilities can create strong partnerships in green transformation and sustainable development, not only in Europe but also in other markets.

On the fiscal front, one key measure is the **Domestic Minimum Corporate Tax regulation**, Under this rule, companies will be required to pay at least 10% of their corporate income, ensuring both tax equity and fiscal stability.

Complementing this domestic reform is the **Global Minimum Tax** regulation, which will be implemented in 2024 as part of the OECD's global initiative. Multinational corporations with a turnover exceeding 750 million euros will be required to pay a minimum of 15% tax, preventing the shifting of profits to low-tax jurisdictions and promoting international tax fairness. This global measure is designed to curb tax evasion by large corporations, ensuring they contribute fairly to the countries in which they operate.

In addition, Türkiye is tightening its regulations regarding **VAT Refunds**. Going forward, refund claims will only be processed after tax audits, with reports from certified public accountants considered during the process. This change enhances the oversight mechanism, ensuring that VAT refunds are handled with greater precision and transparency, thereby reinforcing the integrity of the tax system. Together, these reforms represent a comprehensive effort to align Türkiye's tax policies with global standards while bolstering investor confidence and fiscal sustainability.

The prestigious projects carried out by Korean firms in Türkiye, such as the Eurasia Tunnel Project (Istanbul Strait Road Tube Crossing), the Third Bosphorus Bridge and North Marmara Motorway Project, and the Çanakkale 1915 Bridge Project, stand as the most concrete examples of the productive collaboration between our companies to date. Looking ahead, we believe there is significant potential for further cooperation in Central Asia and Africa, where Turkish businesses are highly active, as well as in Ukraine for post-war reconstruction projects.

Additionally, the defense sector represents another promising area for collaboration. Investing in military electronics, unmanned aerial vehicles (UAVs), and armored vehicles can strengthen defense ties between South Korea and Türkiye. The synergy between South Korea's technological expertise and Türkiye's growing military production capacity can elevate both nations' defense capabilities.

In the rapidly growing electric vehicle market, joint ventures between South Korean and Turkish companies could offer substantial long-term benefits, aligning with both countries' goals for sustainable transportation. Similarly, partnerships in shipbuilding, focusing on large-scale vessels, could leverage South Korea's advanced shipbuilding technology and Türkiye's strategic location, enhancing industrial collaboration and global competitiveness.

The energy and chemical sectors, where Türkiye has significant needs, also present investment opportunities. South Korea's advanced petrochemical technology can address these needs, fostering technological exchange and boosting economic growth.

The HIT-30 Project is a key initiative for both countries. This collaborative space and satellite technology program aims to combine Turkish and Arab expertise with South Korean technological capabilities. By facilitating joint research and development in space exploration and satellite science, the HIT-30 Project can enhance technological innovation and capacity, offering significant benefits to Türkiye, South Korea, and the broader region.

Our respectful recommendation regarding what the State could undertake on this matter;

Just as certain measures are taken by the private sector, States can also come together to manage and navigate the process. I would like to share my invention, which I proposed as a solution at the time and was widely accepted.

As Austria's *"Lawyer of Trust,"* I previously brought together Austrian and Turkish **Eximbank** officials. *In the aftermath of the 2008 financial crisis, the importance of utilizing and evaluating capital became apparent, leading to discussions on joint investment efforts by combining the capacities of both Eximbanks. The updated economic and program-related achievements specific to the crisis period should be initiated as soon as possible, both politically and economically. Economic security has also been identified as a fundamental goal. Since information technology has not been lost, it will be possible to restart new investment processes by planning resource allocations.*

By 1985, the exchange rate surged to 574 TL per dollar, and by the late 1980s, Türkiye experienced a severe economic downturn with the exchange rate surpassing **1,000 TL per dollar**. These challenges were compounded by government efforts to keep the currency competitive for export purposes. This phenomenon further weakened the role of the Turkish lira in the economy during this period.

The current reason for keeping the currency under pressure is the visibility of the extreme impact of devaluation on consumers.

A detailed explanation regarding inflation accounting and exchange rates will be provided by Ms. Elvan İnanlı.

I would like to express my gratitude to Mr. Tamer Taşkın, the former president of the Chamber of Industry, for providing us with data on various industrial products and for his contributions while preparing this work. I would also like to add that he indicated that they can always host Korean companies at the Aegean Chamber of Industry and offer all kinds of support.

Additionally, we would like to extend our gratitude to Mr. Çağatay Özden from the Ministry of Trade, whose valuable insights we benefited from by participating in his previous presentations on Foreign Companies.