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Fatih Ayçin: cooperation between Italy and Turkey's SMEs are the cornerstone of further joint development.

Edoardo Bonatti
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Fatih Ayçin, following his 15-year career within Pirelli group of companies, he has been working in Italian Chamber of Commerce in Turkey as Secretary General within the last 14 years.

The interview

InvestorVisa.it: The Turkish economy has experienced a fairly marked slowdown in the years immediately after 2012: while the economy continues to grow, its 2000s glory days are far behind. Despite this, the recovery registered in 2017 seems to be well established. Nonetheless, considerable problems remain, such as high inflation, high unemployment, a heavy reliance on foreign investment, and the inability to stabilize the balance of payments, recording a constant trade deficit. What are the prospects for 2018?

Ayçin: There have been historical and fundamental problems of Turkey regarding high inflation, disoccupation, and commercial deficit. However, being a young (average 28,6 years old) country these problems can be accepted due to the increasing population (1,2% year) and fast economic growth (7.4% -2017). The current government has been applying the economic models to keep a certain growth in the economy in order to create new jobs and as a result, Turkey has been facing with the problem of inflation and commercial deficit. It is obvious that foreign direct investment is a big support for the Turkish economy. On the other hand, to invest in Turkey is not only providing competitive manpower cost but also offering a big and growing market with it's 82 million population. Taking into account the fact that Turkey has been and has to keep an average of 5% growth in the economy, we may expect 5% of growth within the year of 2018.

Following this March EU-Turkey leaders' meeting in Varna, relations between Brussels and Ankara seem to have reached their lowest in years. In your view, the distances in international politics, civil rights and freedoms could also be reflected in trade and financial exchanges with the EU Member States? If yes, to what extent?

Unfortunately, Turkey has got a very difficult period within the year of 2016 due to Military Coup Attempt and there has been still the State of Emergency in the country in order not to face a similar attempt/permanently eliminate the problem and hence it seemed that some of the human rights and liberty relatively suspended for some certain cases for the sake of Country. However, I have to say that during this period nothing is changed for the public and daily life condition. If we take into account the fact that Security is not a problem only for Turkey but there have been similar problems all over the world and France could be a good reference for the application of State of Emergency. Fortunately, the new government has just announced that the State of Emergency will

not be valid anymore starting from July 18th and the image of Turkey will be normalized. Regarding commercial and financial relationships of Turkey with Europe, we may easily say that Europe and Turkey have been already integrated and private sector is the engine of this integration. It is clear that some political turbulence may happen, however, Turkey has been always a reliable partner for Europe, facing a lot of different geopolitical problems and being a barrier between west and middle east-east. As long as the politics can't be separated from the economic integration, I do not see any serious economic effect on the relation of Turkey and Europe.

If we move from Brussels to Rome, the tone seems to be different. Indeed, on 23rd November 2017, during the tenth anniversary of the Italian-Turkish Forum, former Foreign Minister Angelino Alfano underlined how the two countries represent a fundamental diplomatic, economic and strategic reference point for each other. Do you share the Minister's thoughts? What are the current areas of greatest commercial cooperation, both in terms of import and export, and what are the future prospects between Italy and Turkey, also when taking into consideration the first Joint Economic and Trade Commission (JETCO) held in Istanbul in February 2017, during which a protocol for the reinforcement of investments and economic cooperation was signed?

Regarding the commercial cooperation between Turkey and Italy, I believe that there is a lot of areas to be focused and to improve. It is obvious that the relations at a Ministerial level are essential for macro-economical projects, but we need to work more for small and medium-sized companies which represent the real economy of the two countries. Especially, sub-sectors for automotive, energy, machinery, chemical, agriculture are the areas to be focused and to make b2b meetings between SME.

Considering the Turkish economy's structure, and the government's objectives, what is on the horizon for investments abroad for non-institutional investors and in particular for Turkish entrepreneurs? Is Italy still valued as a country in which to invest, in spite of the recent political elections that marked the defeat of the political forces that governed Italy in the last five years, and that rewarded Lega Nord and the Five Star movement?

Italy is the best destination for Turkish companies which would like to strengthen their position and increase their market share in Europe. According to the recent experiences of some of the Turkish companies within the sector of ceramics, shoes, logistics, and services, Turkish companies are much more interested to buy some brands in order to expand their commercial activities in Europe. On the other hand, the service sector is offering a big potential for Turkish companies, especially in the tourism sector. However, the Italian market is not offering a competitive production environment for big Turkish industrial companies due to the high cost of production.

Despite Turkey's efforts to contain migratory flows to continental Europe via the Balkan route, its request to liberalize Schengen entry visas has not yet been accepted. Speaking of visas - albeit national ones - since last December Italy has adopted a new entry visa for investors and non-EU patrons who want to invest or make a large donation towards Italian culture or projects of public interest. Do you think this measure can contribute to encouraging Turkish investors intending to invest in Italy?

Visa issue is still a big problem for Turkish investors and tourists. I do not think that some of the limited improvements will be sufficient for potential Turkish investors to change their opinion.