



TSKB DEVELOPMENT INSIGHTS

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Comma
An Earthquake Year is Not a Single Year

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Economic Research

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Word of Honour

As a citizen-economist, it is difficult to express my feelings and thoughts since February 6th, 2023. It took me some time to realize that crying doesn't help anyone. Since then, my way of dealing with the pain has been to roll up my sleeves and get to work on this subject.


These were the very words I wrote in the report we published in the aftermath of our visit to the earthquake area, soon after the disaster struck in 2023. In that report, the focal points were the "accounting of values" and "togetherness", as the damage went beyond the physical and the solution lay in solidarity¹.

Indeed, there are studies demonstrating that "Recovery from natural disasters and other disasters depends neither on the overall amount of aid received nor the amount of damage inflicted by the disaster; instead, it relies on social capital - the bonds which tie citizens together."²

Continuing from where we started last year, we are aware of our responsibility to support togetherness by maintaining this topic - disaster preparedness - on the top of the agenda while also raising solid project ideas for recovery.

¹ <https://www.tskb.com.tr/uploads/file/00ceb729e0980146c75278df23c8181b-1683193636148.pdf>

² <https://docs.lib.purdue.edu/cgi/viewcontent.cgi?article=1002&context=pspubs>



Recently, I have been reading about some post-disaster recovery examples from around the world and came up with an interesting study. One such example is the highly uneven nature of the housing recovery for different population groups, affected by social vulnerability factors. After reading that, I posed the question of how I were to describe a vulnerability factor. It didn't take much time to come up with an answer - those out of sight and out of heart will be the most vulnerable.

Therefore, we have voluntarily taken on the responsibility of reminding people of the cold facts about disasters, the need for disaster preparedness and the urgency of working in solidarity with the parts of the country affected by the earthquake.

Committed to the principle of "leaving no one behind", we have revised our research agenda in a manner which covers the aforementioned headlines. We also commit to a research agenda in which we will conduct field visits and write a report about the zone damaged by the earthquake every year between 2024 and 2026.

In the words of Victor Hugo, "Those who do not weep, do not see". We have seen enough! Now is the time to strive for better and insist on being agents for change. Here we are, giving our word of honour to spread the word and call for action, and inviting you to join us.

Burcu Ünüvar, PHD
Director - Chief Economist

It has been more than a year since the devastating earthquake struck in 2023. Even though its place in the agenda may have moved on, the pain and need for reconstruction of the region remains very much on our minds. Another part of our minds is occupied with making the preparations to prevent new natural events from turning into disasters, and increasing our resilience to disasters. Both are the subjects that concern us all, and for which progress can only be made if everyone contributes by their own perspective. From this point, this report has been written with the aim of contributing to constructive and transformative discussions.



Why Would A Development Bank Economist Be Interested in the Earthquake Zone?

Quite apart from the human aspect of the loss which we suffered, and knowing we will never forget, let's start with this question: why would an economist be interested in the earthquake zone?

It is essential for an economist to keep abreast of macroeconomic issues such as the effects of the earthquake on human and physical capital stock, economic growth and exports, the supply shocks caused by industrial disruption and associated inflationary pressures. The economic resurgence resulting from post-earthquake reconstruction, supply chain congestion and the need to fulfill infrastructural and physical necessities can all be added to this list. It is also vital to monitor the impact of human mobility on the demographic structure following the earthquake, as well as the repercussions on social life.

All of these and "more" are legitimate reasons for an economist to take an interest in earthquakes and disasters. To achieve "more," we must think more deeply and gain a deeper understanding of disaster planning and management. Everyone's management of challenges in their area of competence on the disaster axis will help increase disaster resilience and prepare post-disaster recovery activities. At TSKB Economic Research, we recognized this need and incorporated the disaster awareness and preparedness into our 2024-2026 research program, setting out a three-year commitment with the support of our Bank's senior management.

Our Commitment at TSKB Economic Research

TSKB Economic Research commits to the following for the 2024-2026 period;

- To publish annual reports on the earthquake recovery, this being the first such report,
- To re-evaluate our development themes with a perspective that places priority on disaster resilience and reconstruction³,
- To consider both the course of the recovery in the earthquake region and the risk of disasters in our macroeconomic evaluations and projections
- To contribute to the creation of an environment of productive and constructive discussion by sharing our content with stakeholders.

With the commitments we have set out, considering that the effects of a disaster are not limited to a single year, we aim to contribute to the following;

- Ensure that the multidimensional planning of the reconstruction activities in the provinces affected by the earthquakes in 2023, on a development axis, remains on the agenda of economic actors,
- Direct international development finance resources, which are expected to increase within 3 to 5 years after disasters, to locations where such funding would provide tangible outcomes in line with the necessities and with the right justifications,
- Raise awareness of the fact that earthquakes are not the sole danger facing Turkey, and that Turkey's resilience against non-seismic disasters as well as earthquakes should be enhanced,
- Encourage the view that increasing disaster resilience should be linked to restoring nature and boosting social integration, alongside improving physical conditions,
- At TSKB Economic Research, we hope to contribute to the creation of an environment of more constructive discussion on the disaster management process.

³ We provided the first example on the disaster and gender equality axis on 8 March (Avcıoğlu & Toprakci, 2024).

A Disaster Year Is not a Single Year

In our report published following last year's earthquake, we declared that "the earthquake zone encompasses all of Turkey" and that the issue was not restricted to the provinces which suffered earthquakes, but rather involved forward and backward linkages, human/group movement and the social contract (Ünüvar, 2023).

In this report, we want to emphasise that "An earthquake/disaster year is not a single year"

The earthquake struck in 2023 and indeed some of the economic impact of the earthquakes were seen in that year and are, to a certain extent, behind us. So, when the calendar year changes, do we leave the earthquake or its effects behind? We are aware that the effects of the earthquake and the reconstruction efforts will take more than a calendar year, and that is why we declare "An earthquake/disaster year is not a single year". We need to focus on a horizon that goes beyond a calendar year, to keep the subject on the agenda, and support a constructive discussion that will help us be better. Our three-year commitment is based on these needs.

We share our commitments and this report with you, and invite you to witness and share our efforts, as we seek to promote a productive and constructive discussion which will strengthen with different ideas.

Comma

The title of this report was decided in a conversation we had with a stakeholder in the region, during our visit to the earthquake zone with the participation and support of our General Manager.

The year 2023 has passed and progress has been achieved in restoring physical conditions, although this should not be considered a "full stop" in the reconstruction efforts for the earthquake zone. Rather, we insert a "comma" in this report to encourage our stakeholders to pause and reflect on where we have come, where we may go and where we need to go.



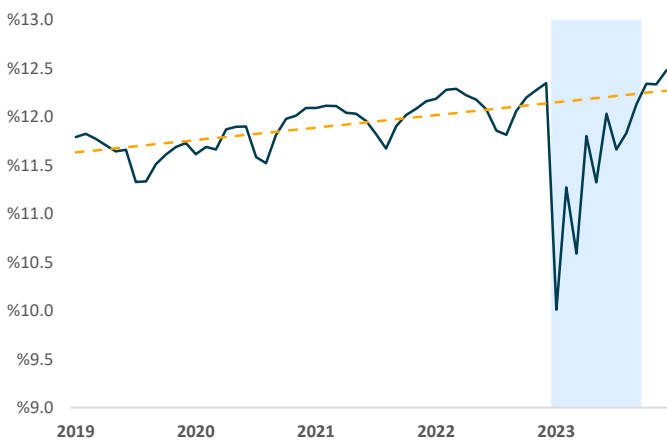
The first part of this work looks at where we are in the recovery process and the points that need to be better where we need to place more importance. The second part involves a discussion on which direction we should take to ensure the region not only recovers, but also makes a breakthrough by undergoing a restructuring. In this context, I will first set out the macroeconomic background on the axes of exports and competitiveness and power and then set out two tangible suggestions which are coherent with this macroeconomic background.

1. From - Where, How Much?

Wide Discrepancies Between Regional Provinces in the Employment Recovery

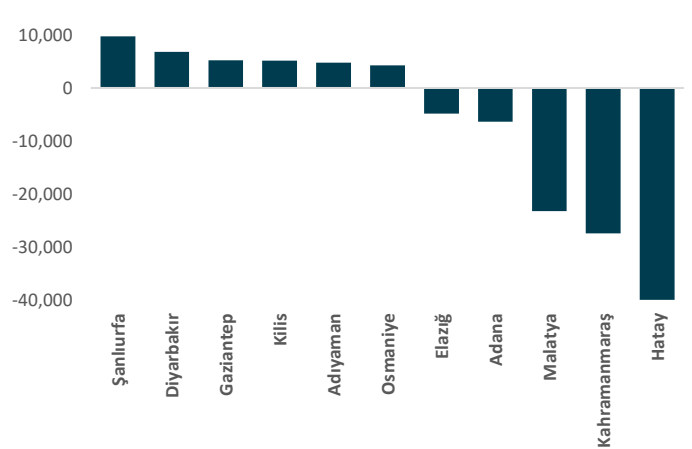
Regional employment in Turkey has exceeded the 2019-2022 trend and reach 12.5% by the end of 2023 (Chart 1). However, this statistic should not be construed as indicating an increase in employment throughout the whole region. There is a wide discrepancy between the provinces (Graph 2) with Hatay, Kahramanmaraş and Malatya still about 10% behind the employment level indicated by the trend level at the end of 2023.

Graph 1: Share of Earthquake Zone Provinces in Total Employment (Compared to 2019-2022 Trend)



Source: SGK, TSKB Economic Research

Graph 2: Deviation from the Employment Trend (number of individuals, December 2023)



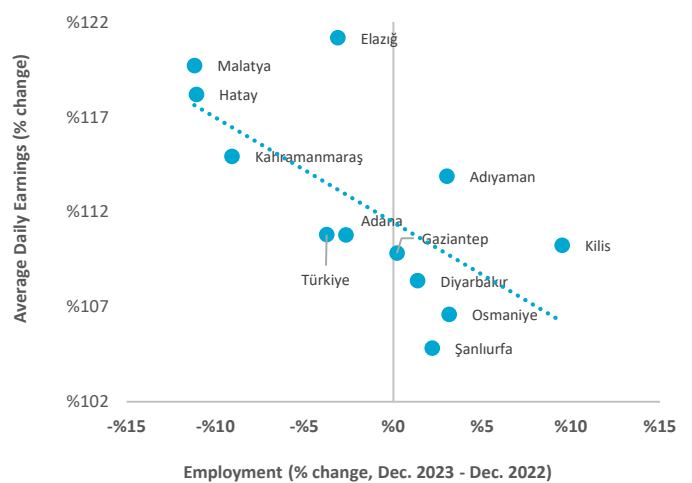
Source: SGK, TSKB Economic Research

Labour Supply Problems Still More Apparent in Some Provinces

It becomes even more evident that Hatay, Kahramanmaraş and Malatya lag behind in employment when we compare the wages of employees in the regions, as these are also the provinces with the widest disparity on average daily wages (see Graph 3). That is, even if daily earnings were raised by more than the average, the level of employment fell. This condition, which highlights the discrepancy between the provinces of the region, implies a labor supply constraint.

This assessment is also consistent with the observations of our field visit. According to the stakeholders we spoke to during our TSKB Delegation visit to Hatay and Kahramanmaraş, some individuals who had migrated following the earthquake have yet to return, and a major proportion of the present job needs only able to be met in other provinces.

Graph 3: Employment and Daily Earnings Changes



Source: SGK, TSKB Economic Research

Focal Point I:

The TSKB Delegation in the Earthquake Zone

As in the previous year, the TSKB Delegation make a visit to earthquake-affected provinces in April this year, accompanied by the General Manager and Senior Management members. On the one hand, we were able to examine the changes that had taken place on-site since our previous visit last year, while also detecting parallels and contrasts between the provinces. We saw and heard that the challenges of shelter and workforce persist, if to a lesser level, in several of the region's provinces.

We aimed that our discussions with corporate organizations would bring various stakeholders together to contribute to the formation and growth of regional social networks. We sought to contribute to the strategic goals and ambitions of regional companies in accordance with the requirements of a development bank. We presented our projections, forecasts and scenarios and identified short- and long- term risks and opportunities. We shared the analysis specific to the provinces we visited with our stakeholders, as well as our recommendations, which we have included in this report.

In our meetings, we found that corporations prioritized short-term risks, as one might expect. However, we also identified organizations which prioritized medium-long term transformation planning, which we deemed to be a positive development.

It appears that regional enterprises are seeking to handle two vital and difficult transitions simultaneously;

- Post-earthquake recovery, resolving the area's housing and infrastructure issues, and satisfying demands for labor,
- The requirement to maintain competitiveness, boost efficiency, and/or alter the product structure against a backdrop of a TL which has appreciated in real terms and is expected to continue appreciating for some time.

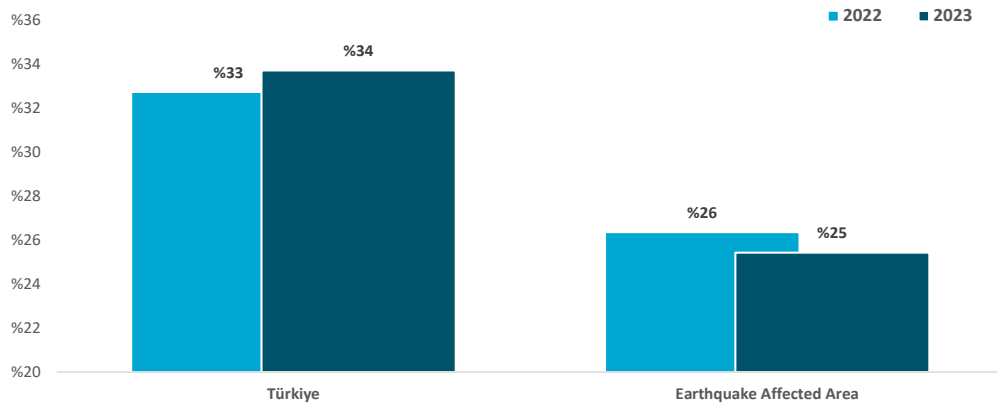
We also noted that the conditions were rendered even more challenging by the requirement for both transformations to occur simultaneously.

The feedback we received from our stakeholders was that the situation is improving, albeit at varying rates. We noted that they looked to the future with hope and were going to great lengths to build hope. To compliment this struggle, it is necessary to design the future with a vision that will develop all elements of the economy, society and the environment with a broad stakeholder group.

More Inequality Where the Employment of Women Lags Behind the National Average

Even before the earthquake, the employment of women in the region's provinces had been lower than the national average, a situation exacerbated by the earthquake. According to figures published by the SGK, the share of women in employment in Turkey increased by 1 percentage point in 2023, but decreased by 0.9 percentage points in the Region's provinces (Graph 4).

Graph 4: The Share of Women in Employment (December)

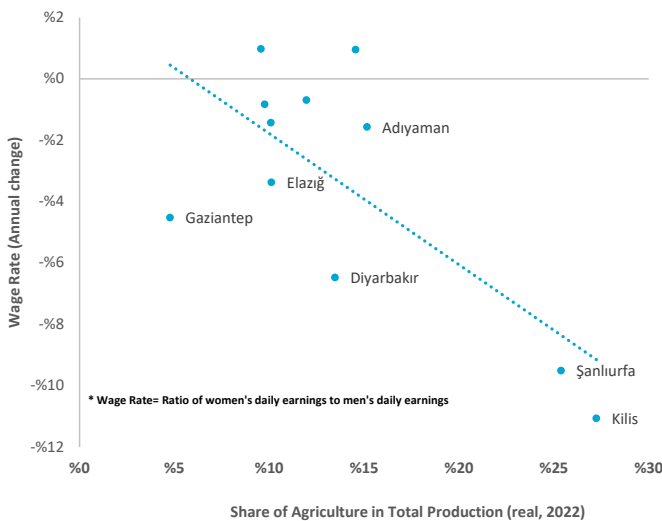


Source: SGK, TSKB Economic Research

A More Rapid Worsening of the Gender Pay Gap in Provinces With a Greater Concentration on Agriculture

Wage inequality is growing. In nine of the Region's 11 provinces, wage disparity worsened compared to the previous year, as measured by dividing women's wage by men's wage. This gap is as high as 10% in provinces with a higher concentration on agriculture (Graph 5).

Graph 5: Wage Rate* Change and Share of Agriculture (Annual change, December 2023)



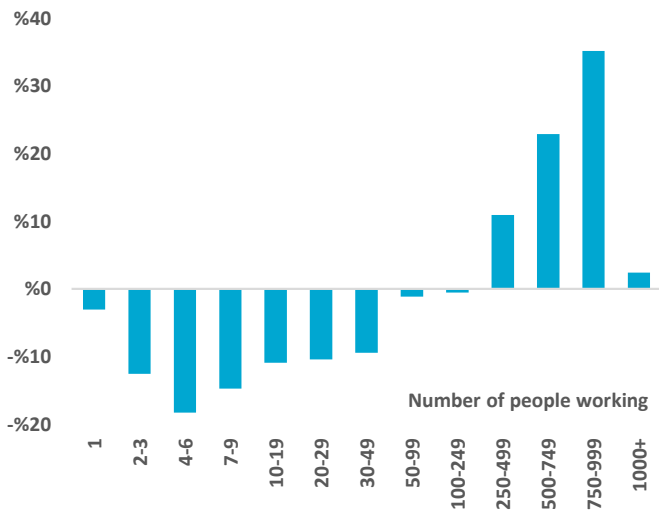
Source: SGK, TSKB Economic Research



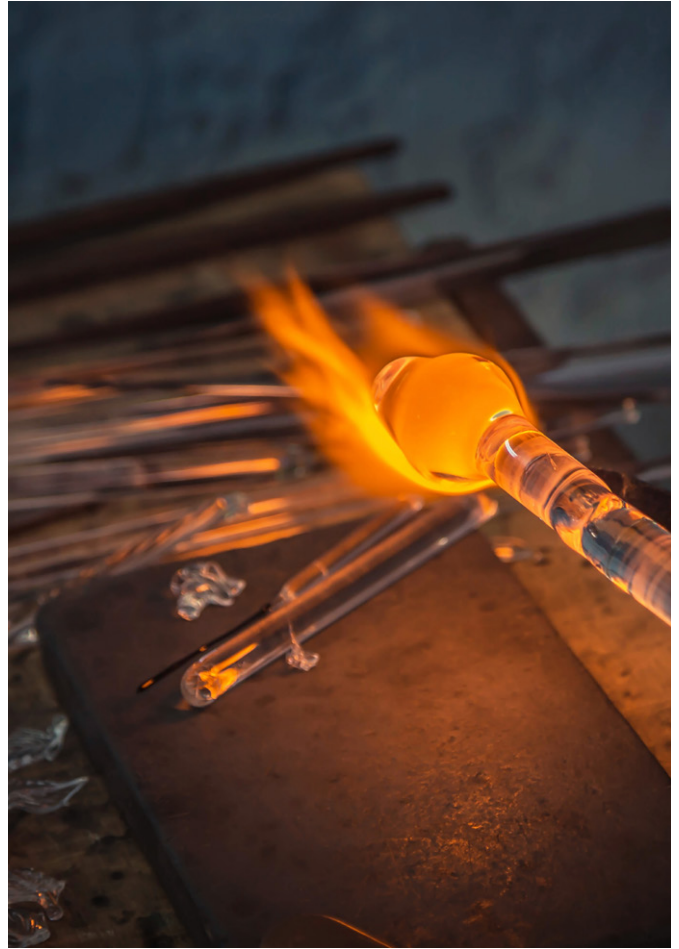
Small-Scale Firms Left Behind in the Recovery, and Need to be Observed More Closely

It would appear that the number of enterprises employing up to 50 people had declined as of the end of 2023, while the number of enterprises with over 250 employees had grown dramatically (Graphs 6 and 7). This picture suggests that the recovery in employment is being driven by large-scale firms, while the recovery in the region's provinces has yet to be completely reflected in micro and small-scale enterprises.

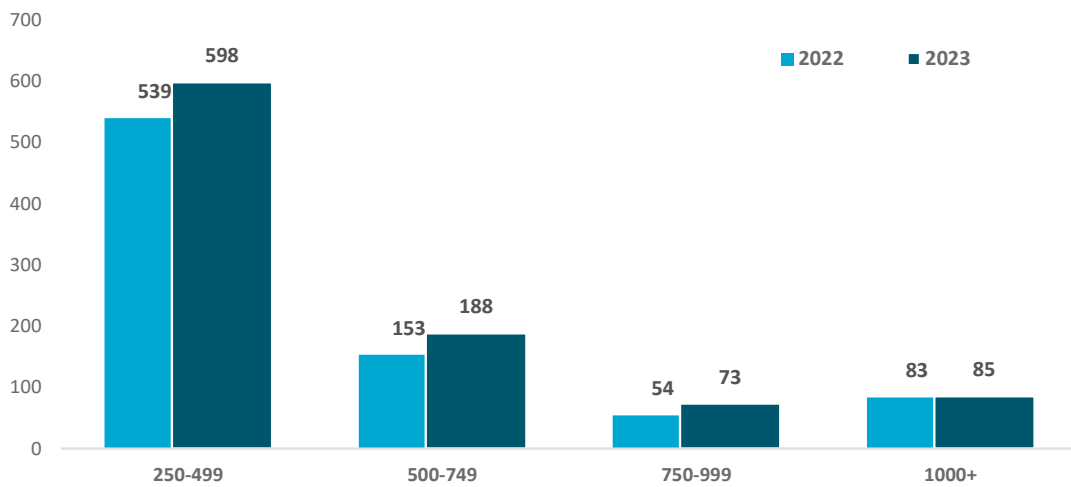
Graph 6: Change in the Number of Firms in the Earthquake Zone (2023, yearly)



Source: SGK, TSKB Economic Research



Graph 7: Number of Large-Scale Firms in the Earthquake Zone



Source: SGK, TSKB Economic Research

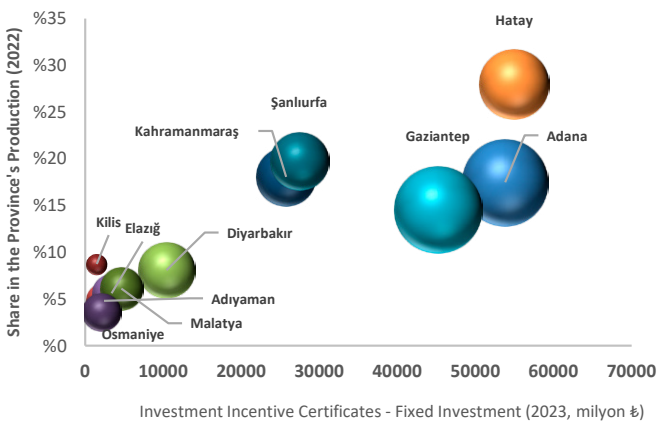


A Surge in Incentive Certificates Granted to the Region's Provinces in 2023

Incentive certificates for new investments rose to TL 231.7 billion in 2023, up from TL 131.9 billion in 2021 and TL 87.9 billion in 2022. The investment incentive certificates for domestic capital climbed from TL 86 billion to TL 166 billion, with the most significant growth realized in foreign capital investments. The region's provinces received around TL 65 billion in incentive certificates for foreign capital investments in 2023, up from TL 1.5 billion in 2022.

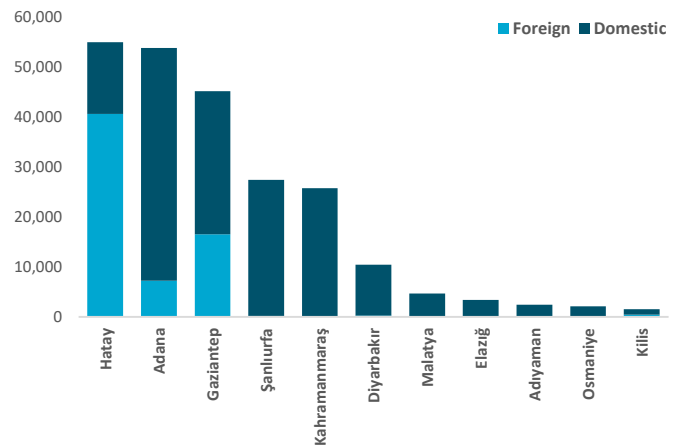
Hatay in particular stands out in terms of incentive documents (Graph 8), being granted TL 55 billion in incentive certificates for new projects, representing 28% of all incentives in 2022. Graph 9 shows that foreign capital investment accounted for 73.9% of the total sum, totaling TL 40.6 billion, with almost all of this sum allocated to investment intended to implementing the "synthetic, rubber, and plastic raw material manufacturing" activity.

Graph 8: Investment Incentive Certificates for New Investments (the size of the circles represent the total production of each province)



Source: Ministry of Industry and Technology, (retrieved 17 May 2024), TurkStat, TSKB Economic Research

Graph 9: Investment Incentive Certificate (2023, complete new investment, million TL)



Source: Ministry of Industry and Technology, (retrieved 17 May 2024), TSKB Economic Research

Focal Point II:

Strengthening Social Networks and Education - The TSKB Centennial of the Republic Libraries

Following the February 2023 earthquakes, TSKB launched a project to build school libraries in the affected cities. On 12 September 2023, the first TSKB Centennial of the Republic Library opened at the Mehmet Akif Ersoy Primary School in the Gölbaşı district of Adıyaman, followed by the opening of TSKB Centennial of the Republic Library in Adıyaman, Gaziantep, Kahramanmaraş, Adana, Osmaniye, Şanlıurfa and Diyarbakır.

The libraries were called "TSKB Centennial of the Republic Libraries" because the project began on the 100th anniversary of our Republic. As part of the "11 libraries in 11 provinces" school library project, the Bank set out to open 11 school libraries in 11 provinces by 2025 in collaboration with the Turkish Librarians Association. Since September 2023, TSKB has established school libraries in seven distinct provinces as part of the 11 provinces Library Project.

Following the opening of its seventh enriched school library in Diyarbakır, TSKB helped promote education by providing 5,300 children access to approximately 30,000 books and other learning resources.

Designed in the format of an enriched library (Z-library), Z-Libraries are characterized by their aesthetically pleasing and ergonomic design. They are also equipped with over 4,000 volumes and a variety of educational books that will enhance children's reading abilities and mental development. Z-Libraries are also prepared as a social activity area that fosters the students' love of learning and easy learning practices. They include instructional support tools, games, and technology.



Şanlıurfa, Siverek ilçesi - 15 Temmuz Şehitleri İlk ve Orta Okulu



Where Are We?

The Earthquake zone is not experiencing an homogenous recovery. There is a significant degree of asymmetry between provinces, especially in the areas of employment and labour-force supply. Some provinces still lack proper and sufficient shelter conditions, rendering the process of recovery of the production and employment more difficult.

After such a devastating earthquake, shelter is unquestionably a fundamental right and a necessity. As a result, resolving the issue of shelter is vital before people can return to their homes and places of work. Each delay has a detrimental impact on this process. Similar experiences around the world demonstrate that it is also true for children returning to school. The later children go back to school, the lower the rate that they will ever return. As a result, fixing physical infrastructure needs be the first and most important priority.

However, simply restoring and rebuilding physical structures may not be enough to return employees to their home towns and jobs, or children to school; we need to understand that a city is a network of social ties that extends beyond the physical building stock. Recovery requires the repair, strengthening and establishment of new networks (Ünüvar, 2023). Social, cultural and environmental aspects should also be improved in these cities. These initiatives, which will encourage the development of social networks, will play an important role in the region's re-strengthening by addressing the labor supply issue.

Creating conditions that allow women to work is always of critical importance worldwide. However, it has become even more important since the disaster. Women's economic and social participation strengthens society's resilience to disasters (Avcioğlu & Toprakçı, 2024). However, in an earthquake zone, both the employment rate and the relative salaries of women fall, and gender disparity grows. Women's economic engagement in earthquake-prone areas should therefore be prioritized.

The more rapid recovery of large-scale firms, as well as the increase of incentive certificates, is good for the region. Another crucial problem to consider is the fact that small businesses are falling behind. While the recovery in large-scale firms may indeed provide the conditions to allow the recovery of small-scale businesses as well, there appears to be a need for policies aimed at ending the current unbalanced condition.

2. Where Should We Go?

Planning the Export Strategy in Accordance With the Changing Circumstances

While there is a rising tendency towards protectionism in global commerce, trade between countries which consider each other to be "friends" is developing more rapidly (friendshoring), with globalization changing its structure. Another factor influencing the direction, structure and form of commerce is the green transformation. The European Green Deal and ensuing green transformation, which have risen to the top of the international trade agenda, appear to be altering the structure of the competition.

In such circumstances, Turkey's export structure and performance must be reassessed. In this vein, I first describe three topics which are critical to export performance:

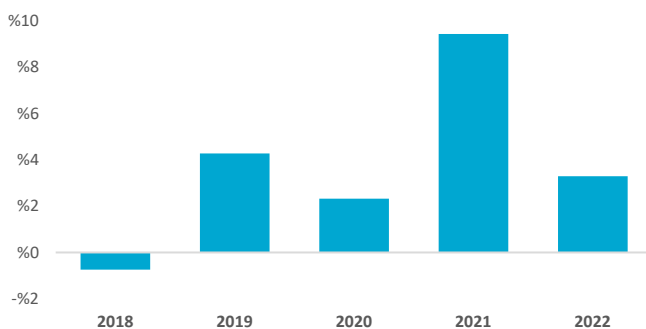
- Exporting more of the same product to the same market,
- Exporting more of the same product to a different market,
- Exporting a new product

So what is Turkey's position in this three areas?

A. Exporting More of the Same Product to the Same Market

The wide diversity of Turkey's export markets is well known. In addition, the current composition has had a strong impact on our export growth, with countries with faster growing economies commanding a higher proportion of Turkey's export markets. This demonstrates that our market distribution enhances our export performance (Graph 10). While this is positive, the growth rates of developed countries, to which we export a large share of our goods, are tending to slow with time (Graph 11). The IMF predicts 1.7% growth in the 2024-2029 period - consistent with the previous five years. *This image illustrates the limitations of achieving significant increases in exports by exporting more of the same product to the same market.*

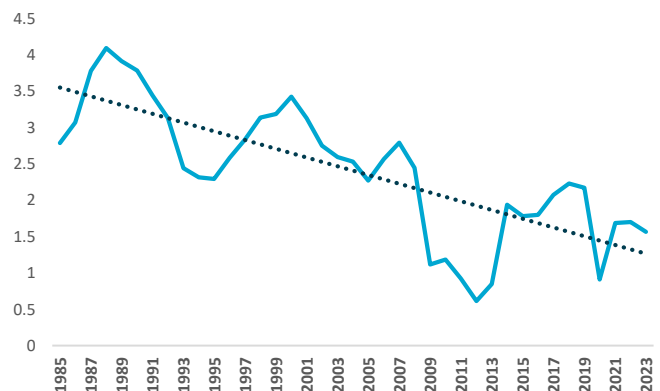
Graph 10: Country Effect*
(Percentage Points)



*Calculated using Constant Market Shares method using CEPII data.

Source: TSKB Economic Research

Graph 11: Growth Performance of Developed Countries
(5-year moving average, %)

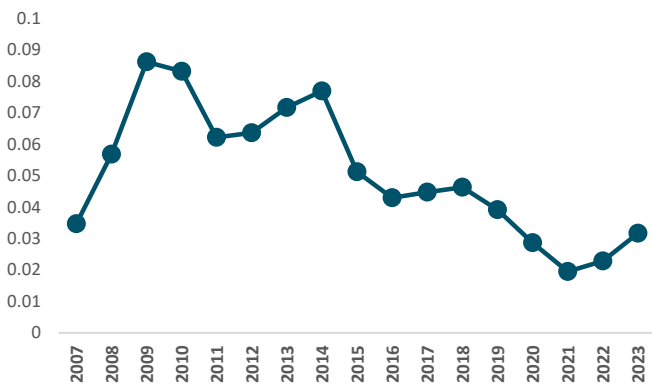


Source: IMF WEO, TSKB Economic Research

B. Exporting More of the Same Product to a Different Market

To gain competitiveness in a product, it is vital to determine the recipe for efficient production. Once this is found, expanding into new markets is the quickest way to increase revenue. At this point, by expanding into other markets using identical production processes, the path is clear to increase exports until the limit presented by capacity is reached.

Graph 12: Structural Transformation in Export Market Structure (Adjusted Lilien Index, 3 year moving average)



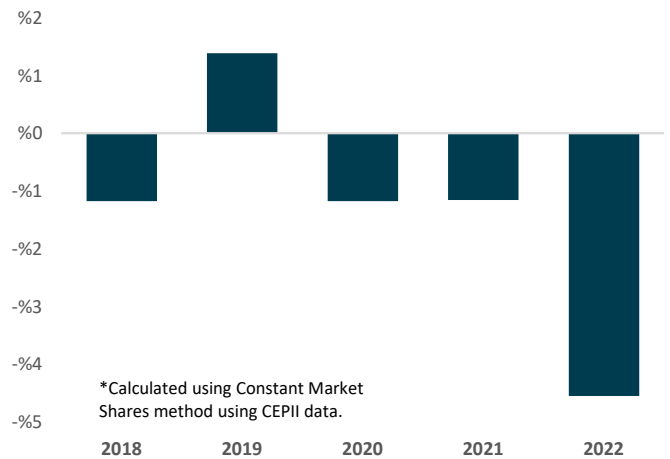
Source: TradeMap, World Bank, TSKB Economic Research

Although Turkey has achieved substantial progress in this area in the past, it appears that the structural shift which occurred in export markets has stalled in recent years. The Adjusted Lilien Index, shown in Graph 12 to highlight the degree of change in export market composition, highlights that Turkey remains behind the structural changes which took place between 2008 and 2014. It is possible that the delay here is related to the fact that we already have a high level of diversity in export markets, resulting in saturation. However, as global trade dynamics change, the weight of export markets needs to be re-evaluated.

C. Exporting a New Product

Turkey's export basket includes of "products with little growth in demand" (Graph 13). In other words, demand for Turkey's product basket is expanding at a slower rate than the demand for other products. *This position suggests that our product basket should be re-evaluated in order to achieve greater export growth, as well as seeking a shift toward products with greater growth in demand.*

Graph 13: Product Impact* (percentage points)



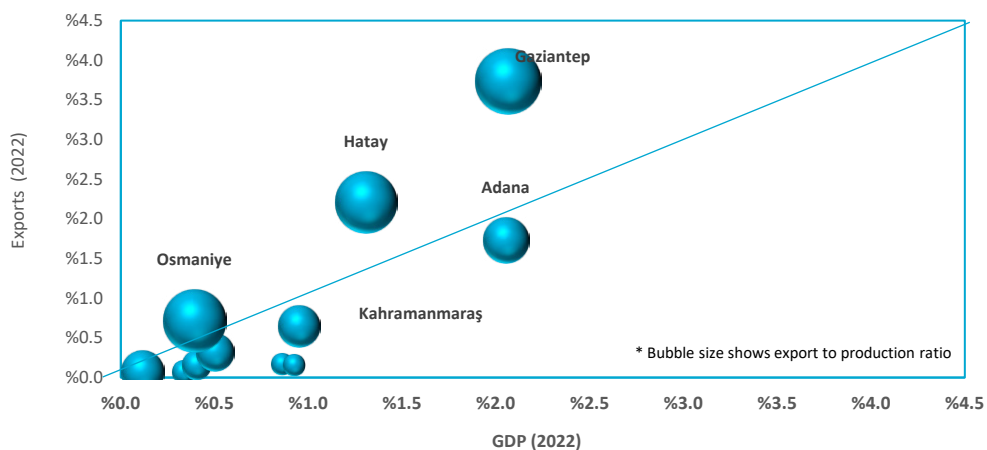
*Calculated using Constant Market Shares method using CEPII data.

Source: TSKB Economic Research

Exports And Diversity in the Provinces Affected by the Earthquakes

The region's biggest producing provinces appear to be focused on exports (Graph 14). For example, Gaziantep accounts for 2.1% of Turkey's overall production but as much as 3.7% of its exports. The provinces above the diagonal in Chart 10 contribute more to exports than Turkey does to production.

Graph 14: Share of GDP and Exports *

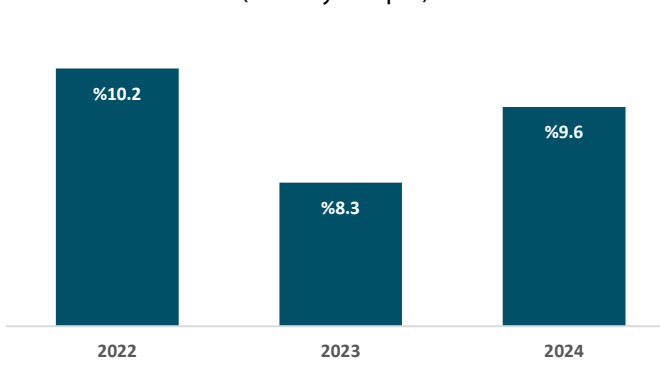


* Bubble size shows export to production ratio

Source: TÜİK, Ministry of Trade, TSKB Economic Research

The region's export performance is also improving after a downturn following the earthquakes. Between January and April 2022, the region's provinces accounted for 10.2% of Turkey's exports. While this percentage fell to 8.3% in 2023 as a result of the earthquakes, it increased to 9.6% in the first four months of 2024 (Graph 15).

Graph 15: The Earthquake Region's Share of Total Exports (January to April)

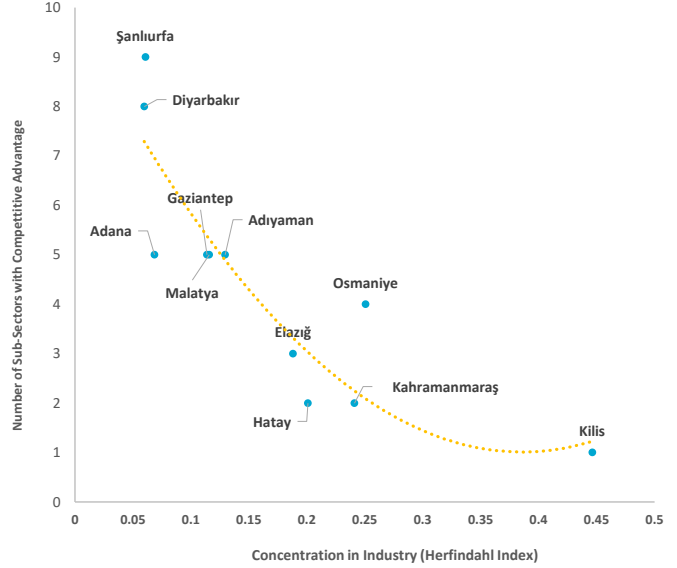


Source: Ministry of Trade, TSKB Economic Research

On the other hand, it appears that some provinces in the earthquake zone require greater industrial diversity. As seen in Graph 18, Kilis, Kahramanmaraş, Hatay, Osmaniye, and Elazığ have a substantial industrial concentration but with weak diversification.

When structural demand for products changes in certain provinces, it becomes harder for them to adapt. As a result, in the process of planning, priority should be given to expanding industrial diversification in order to develop a more lasting, stable, and competitive local economy.

Graph 16: Sectoral Concentration and Competition in Industry



Source: Ministry of Industry and Technology, TSKB Economic Research



More Frequent Evaluation of Market and Product Composition on the Basis of Global Trends

Let's return to the question in this chapter, about where we should go. Global trade trends are changing gradually but steadily. An export-oriented strategy should include an approach that considers both the opportunities and hazards associated with shifting global trends. Both the green transformation and supply trends from friendshoring present Turkey with challenges as well as opportunities. These shifts also alter the structure of demand.

When we apply such a framework as a foundation, it appears that exporters face risks in acting on the basis of the existing market and product condition. It emphasizes that in order to adjust to the shift in the structure of globalization, the composition of both export markets and exported products must be examined more regularly than in past periods.

This problem becomes even more relevant when considering the future of earthquake-prone provinces. Based on this importance, we provide two suggestions that we believe are compatible with the world's evolving trends.



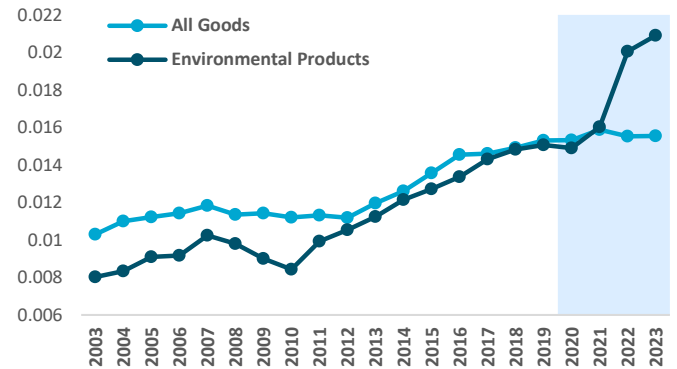
3. Suggestions

1. Environmental Products

The green transformation is a major driver of change in global trade patterns. The European Union's introduction of the European Green Deal (EGD) in December 2019 may be viewed as a watershed moment, the point at which this tendency gained visibility and assumed a higher place on the agenda in economic policy (TSKB Economic Research, 2021). As the climate crisis and green transformation become more integrated into economic strategies, there is likely to be an increased need for processed or semi-processed items to support the green transformation process (Tur & Alkan, 2023). The OECD defines this product group as Environmental Products, and they do not have to be green in order to be used as an input in the green transformation process. As a result, as the green transformation gains pace, demand for these products is likely to grow more rapidly than for other products.

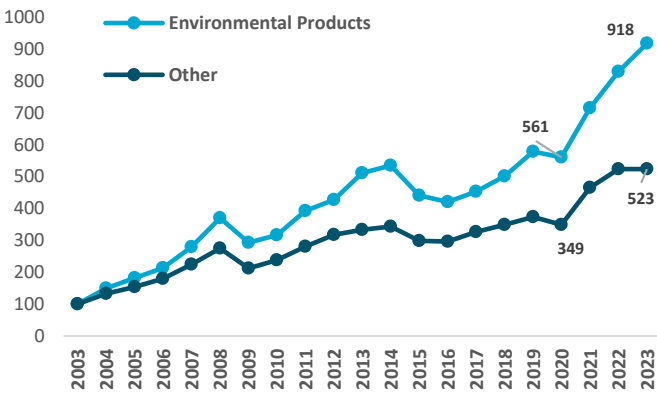


Graph 18: Share of Türkiye's Exports in European Union's Imports



Source: TradeMap, TSKB Economic Research

Graph 17: Relative Export Performance (2003=100)

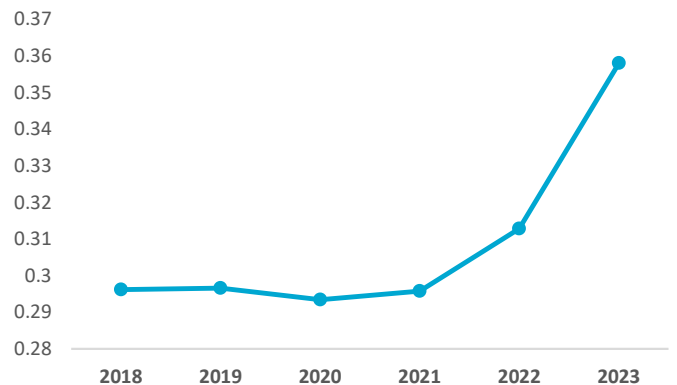


Source: TradeMap, TSKB Economic Research

It is clear that Turkey exhibits a stronger export performance in this category than in other categories, and this relative strength will increase further after 2020 (Graph 17). For example, while these products accounted for 4.5% of total exports in 2003, their proportion in total exports reached 6.8% in 2019 and 7.7% in 2023. Following the European Green Deal (EGD) announcement, the EU's green transition has gained pace and both our exports to the region and our market share in the EU have grown. Graph 18 illustrates that following the EGD, our share of EU Environmental items imports has grown significantly, with a decoupling from other items.

Another essential and positive aspect of the commerce in environmental products is in terms of trade. In 2022 and 2023, Turkey recorded significant growth in trade, as measured by the ratio of export prices to import prices. This predicament is the outcome of the sharp rise in export prices in foreign currency. Exporting at a higher foreign exchange rate, or increased export unit prices, could be seen as positive signals for both Turkey's macro strategy and the profitability of enterprises exporting in these areas.

Graph 19: Terms of Trade in Environmental Products (Export Prices / Import Prices)



Source: TradeMap, TSKB Economic Research



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SUGGESTION - 1

It may be worthwhile to emphasize environmental products during the earthquake zone recovery. Planning newly created capacity for relevant products in the earthquake zone will help to transform the region into a base for the green economy by considering the input-output and logistics connections. Establishing such a plan could increase Turkey's superiority in these products while also providing leverage in the development of the earthquake zone.

2. Green Economic Area

The green transformation brings with it significant changes in global production, consumption, investment decisions, competition and the drive for efficiency. The seismic zone could be envisioned as an economic zone centered on the green transformation. Here, we refer to a Green Economic Area rather than a Green Organized Industrial Zone. Such a special economic area, which also has a geographical definition, offers the potential to serve as a production base for areas and goods in which Turkey wishes to participate in the global green transformation process. Of course, numerous details must be prepared for such a base, including the articulation of logistics and forward and backward links.

Without doubt, such a design would have to take account of the vast areas of fertile agricultural land in the region. The carbon storage capacity of the soil can be increased by promoting sustainable agriculture methods. Carbon credits can be produced from the carbon stored in the soil, and they can be sold in voluntary carbon credit markets to generate additional funds. Additionally the carbon market to be formed in Türkiye could be formed and operated in the region.

The first question which arises in the planning, which would be carried out with full stakeholder input, is about financing. Global trends could open up new prospects in this area. Multilateral Development Banks are recording growth in their financing volume and will continue to do so (Tur & Hakyemez, 2023). Following large scale disasters such as the earthquakes, Multilateral Development Banks often devote funding to reconstruction for periods of 3 to 5 years. Furthermore, if well planned, this transformation can contribute to the momentum of the global green transformation by providing economic, social and environmental benefits, as well as a multiplier impact for Türkiye and the products it will offer to worldwide markets. Multilateral Development Banks are in a position to support the search for a breakthrough by providing international finance opportunities through credit and capital market instruments.

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SUGGESTION - 2

The earthquake zone could be classified as a Green Economic Area. A green production base can be established in the region by carrying out investments that support the global green transformation movement and focus on the perspective of tackling the ecological catastrophe. The region could be developed as a development base with economic activity arranged in a way that considers green transformation priorities while remaining responsive to other development concerns. The region can serve as a hub for investments in a variety of fields, including employment of women, young people and disabled people, as well as digitalization, the green transformation and low-emission production, as well as ecosystem-friendly, nature-positive projects. Progress in many areas, from low-emission output in industry to nature-based carbon storage systems in agriculture would benefit from foreign funding opportunities in the post-disaster recovery effort.

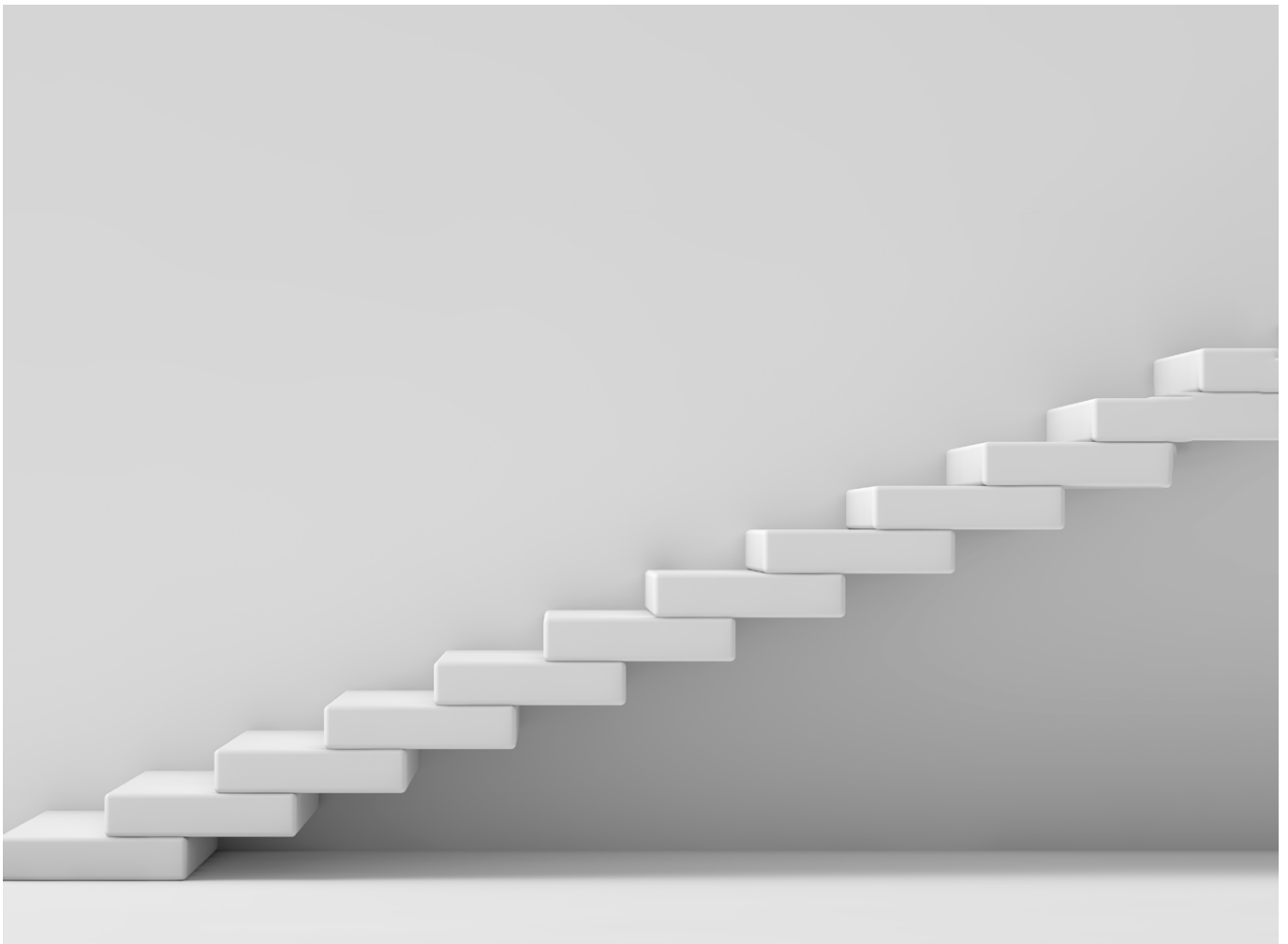
Afterword

Following on the comma in this report, a long journey awaits. It is critical to keep track of where and how the journey should be planned. The report you have was written to serve this purpose. With each stakeholder contributing from their unique perspective, it is possible to successfully address the problem and keep it on the agenda.

It is vital not to view the event solely as an earthquake, but to build disaster resilience and continue to discuss post-disaster rehabilitation. The Economic Research department will continue to work on the earthquake zone and bring it to your attention with a fresh study next year.

In addition, we will continue to reconsider our development themes from the perspective of disaster awareness and preparedness. We hope that improving our understanding of these processes will help contribute to the design of disaster-resilience oriented policies.

Hope it paves the way for positive and constructive discussions.



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