

## **Aktuelle Hinweise Türkei**

### **Central Bank of Türkiye raises key interest rate to 45%**

The Turkish central bank concluded a historic tightening cycle on 25<sup>th</sup> January by raising its policy rate to 45% from 42.5%, signalling the end of an aggressive series of hikes aimed at combatting the country's soaring inflation. The bank stated that the achieved monetary tightness is sufficient to set the course for disinflation, which is seen as crucial for stabilising the economy and will be maintained as needed. This final hike is part of a significant tightening cycle that saw borrowing costs increase from 8.5% in June. The recent stability in the economic team, including H.E. Mehmet Simsek, Minister of Treasury and Finance, and Hafize Gaye Erkan, Governor of the Central Bank, has provided a sense of relief to investors.

### **Turkey and UAE strengthen energy cooperation amidst exponential export growth**

H.E. Alparslan Bayraktar, Minister of Energy and Natural Resources of Türkiye, and H.E. Mohamed Hassan Alsuwaidi, Minister of Investment of the UAE, convened on 23<sup>rd</sup> January in Ankara to discuss the implementation of their extensive energy agreements signed in 2023. The meeting followed up on the signing of 13 deals in July 2023, worth a total of USD 50.7bn, and the establishment of a High-Level Strategic Council chaired by the respective presidents of both nations. Emphasising the commitment to new energy projects, the Turkish minister stated that these efforts aim to further regional cooperation. The recent improvement in diplomatic ties has contributed to Turkey's notable export growth to the UAE, reaching nearly USD 5.92bn in 2023, signifying a remarkable surge from USD 3.65bn in 2022. The diplomatic efforts and agreements signed during the Gulf tour of President of Türkiye H.E. Recep Tayyip Erdoğan, including 18 with the UAE, have contributed to this positive trend. These developments underscore the successful revitalisation of trade relations and indicate the potential for continued growth in 2024. Furthermore, the UAE emerged as Turkey's top export market in 2023, reflecting the success of the comprehensive economic cooperation agreement between the two nations, with bilateral trade projected to reach USD 25bn.

### **Iraq and Turkey advance USD 17bn Development Road Project**

Iraqi and Turkish government officials have engaged in further discussions regarding the USD 17bn Development Road Project, a comprehensive railway and road corridor spanning 1,200 km from southern Iraq to the Turkish border. The talks, aiming to boost cooperation for project implementation, specifically addressed technical aspects related to the connection point at Faysh Khabur border crossing. Soil investigation has been completed for 1,000 km, and the initial designs for 600 km of the railway and 300 km of the highway have been finalised. The project, under the direct supervision of the Iraqi Prime Minister H.E. Muhammad Shiaa Al-Sudani and Minister of Transport H.E. Razzaq Muhaibas Al-Saadawi, is progressing, with surveys nearing completion in Najaf, Dhi Qar, Diwaniyah and Muthanna governorates.

### **Turkish economy achieves resilient growth for 13 consecutive quarters**

The Turkish Minister of Trade H.E. Ömer Bolat highlighted Türkiye's robust economic performance, as it has now maintained growth for 13 consecutive quarters, achieving a 4.7% growth rate in 2023 amid global economic challenges. Referring to the latest World Trade Organization trade data, he acknowledged the adverse effects of global geopolitical tensions and inflation, commending the collaborative efforts of the Foreign Economic Relations Board of Türkiye (DEIK) and the Türkiye Exporters Assembly (TIM) in advancing foreign trade. The minister emphasised positive figures across economic indicators, with exports growing by 5.9% in Q3/2023 and gross national income exceeding USD 1.075tn. Other noteworthy achievements included the automotive sector's record-breaking production, the logistics market becoming the 11<sup>th</sup> largest globally as well as significant foreign direct investment in the gaming industry. Türkiye's share of global trade increased to 1.06%, with a goal of 1.3% by 2028. H.E. Ömer Bolat expressed optimism of surpassing the Medium-Term Programme target of USD 267bn in goods exports, aiming for USD 287bn in 2025 and USD 302bn in 2026.

### **Türkiye sets ambitious course with USD 6bn allocated for 2024 energy and mining investments**

Türkiye plans to allocate over USD 6bn for energy and mining investments in 2024, focusing on natural gas and oil exploration and production in order to reduce external dependency. The energy sector will receive 7.5% of the public budget, marking a 70% year-on-year increase to USD 2.5bn, while the mining industry's budget has been raised by 34% to USD 3.5bn. The investments aim to expand natural gas and oil production, with about USD 3.3bn dedicated to initiatives like the Sakarya Gas Field and Gabar region. The funds will also support energy infrastructure, storage expansion, and supply improvement, emphasizing renewable energy goals and a tripling of renewable capacity by 2053. On the mining front, investments will cover 47 projects, primarily allocated to the state energy company Turkish Petroleum Corporation (TPAO), with a focus on discovering new reserves in natural gas and oil and increasing production.