

**Euler Hermes highlights growth of Turkish domestic trade,
export opportunities**

ISTANBUL / PARIS – 29 NOVEMBER 2012 – Euler Hermes recently offered insights into global and Turkish economic scenarios and [trade credit insurance](#) trends to nearly 100 clients and business community leaders in Istanbul.

Wilfried Verstraete, chairman, [Euler Hermes](#) Group, joined senior managers to lead a discussion of developments and forecasts related to the global economy, emerging export market opportunities and growth scenarios. Below are speech highlights from the event:

[Wilfried Verstraete](#), chairman of the Euler Hermes management board:

- Turkey's GDP is now the 6th largest in Europe at EUR 622 billion. It is a strategic growth country realizing its potential as a bridge between Europe and the Asia/Middle East/North African region.
- A myriad of new and diversified export opportunities are emerging for Turkish businesses. Turkish exporters are proving very flexible in diversifying their markets: exports to Europe declined from 47% in September 2011 to 38% in September 2012. The main challenge for regional exporters is to make the right choice about the safest markets, customers and business partners. Understanding trade mechanisms around the world will be key to building a sustainable export revenue stream.
- Over the last 10 months, the credit exposure of Turkish companies covered by trade credit insurance increased by 186%. This evolution underlines a growing awareness of credit insurance as a financial management tool for safeguarding cashflow, in export growth strategies. The global crisis forced companies to take a closer look at their business. Ongoing changes in the global economy require that they continually review and revise strategies, budget forecasts, liquidity and solvency management, and cost containment processes.
- The recent Turkish law which reduced credit protection on post-dated checks is a positive step forward. It will help raise local trading practices to the open account system now used globally.
- The Turkish domestic market offers significant opportunities for credit insurance growth, with more than EUR 300 billion in open trade.

[Ludovic Subran](#), Euler Hermes chief economist

- 2013 will be “double or quits” for the world economy. The euro zone will remain at bay. The U.S. faces the risk of its “fiscal cliff.” Emerging countries, and especially Turkey, have yet to demonstrate the kind of “superpowers” they want to become. As the gateway between Europe and Asia, Turkey's trade intermediation and its robust domestic demand will certainly become the two prongs of sustained growth.
- Turkey will post a GDP growth of 4% in 2013, harvesting healthy public finance and narrowing its current account deficit, with a soft landing in domestic demand and increasing exports.

Euler Hermes' scenario foresees solid growth to continue in Turkey, driven by key sectors:

- **Chemical sector.** Representing almost 9.7% of Turkey's total export revenues, exports reached USD13 billion in 2011. Turkey's competitive advantages include being a major producer of boron, chrome and soda ash as well as its logistics positioning.
- **Automotive sector.** Capacity is expected to increase by over 66% from 1.2 million units

today to 2 million units at the end of 2015, ranking Turkey 10th among global car manufacturers.

- **Textile sector.** Very competitive in terms of workforce and quality production for global brands. Proximity to Europe and quality-based production are competitive advantages.
- **Iron & Steel sector.** Turkey ranks 8th among 66 global manufacturing countries. In the near-term, China's fast growth in steel production should decelerate while Middle East and emerging market consumption will increase due to new investments in infrastructure, construction and industry.
- **Construction sector.** Set to rebound to 2008 levels with significant amounts budgeted for domestic infrastructure projects: new airports, highways, railway projects.
- **IT / telecom and Retail sectors.** Good performance expected due to demographic growth and higher income per capita.
- **Food sector.** Turkey ranks 7th in agricultural production and among the 20 largest processed food producers globally. The sector represented 19.8% of 2011 GDP.

Turkey – Macroeconomic indicators

	2009	2010	2011	2012	2013
GDP	-4.8%	9.2%	8.5%	3.2%	4.0%
Consumer spending	-2.3%	6.7%	7.8%	-0.2%	3.5%
Public spending	7.8%	2.0%	4.5%	5.0%	4.0%
Investment	-19.0%	30.5%	18.5%	-3.0%	3.5%
Stocks	-2.3pps	2.5pps	-0.3pps	-0.5pps	0.1pps
Exports	-5.0%	3.4%	6.4%	13.0%	5.3%
Imports	-14.3%	20.7%	10.9%	-3.5%	3.9%
Net exports	2.7pps	-4.4pps	-1.5pps	4.0pps	0.3pps

Sources: Turkstat, Euler Hermes

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Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and posted a consolidated turnover of € 2.27 billion in 2011.

Euler Hermes has developed a credit intelligence network that enables it to analyse the financial stability of 40+ million businesses across the globe. The Group insured worldwide business transactions totalling € 702 billion exposure end of December 2011.

Euler Hermes, a subsidiary of Allianz, is listed on NYSE Euronext Paris (ELE.PA) and is rated AA- by Standard & Poor's.

For more information visit www.eulerhermes.com. Twitter @eulerhermes

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