

## **Project Interview 1**

Interviewee: Ali Avcı

Sector: Logistics

Date: 3 September 2019

Location: Digital Transformation Center

Within the scope of the “Customs Union for SMEs” Project, we interviewed Mr. Ali Avcı who is representing the Logistics Sector. Born in 1956, Ali Avcı is the President of CeyGroup, a group that provides services in fields of transportation, storage, storehouse, container terminal, port services, and clearance. CeyGroup also invests in combined transportation, international port management and environmental services. Mr. Avcı attends conferences organized by universities and relevant organizations both as a lecturer and as an active participant. He has membership in several business organizations such as Turkish Enterprise and Business Confederation (TÜRKONFED), and Turkish Industry and Business Association (TÜSİAD). He is currently the President of Federation of Sectoral Associations (SEDEFED).

We asked Mr. Ali Avcı;

- what the main problems are within the current Customs Union agreement for the Logistics Sector,
- if there were any bottlenecks in the Logistics Sector resulting from the lack of modernization of the Customs Union,
- what they expect from the modernization of the Customs Union,
- if he had any suggestions on how to benefit from this process and increase the competitiveness of SMEs.

Below, we present Mr. Ali Avcı’s response:

“In the 1970s and 1980s Bulgarians were leading the road transport in the region. Today, Turks are leading the road transport. To give you an overview, we first encountered problems with the tariffs at the borders. We found an alternative solution to this and via intermodal transportation we would ship the trucks to Italy and from Italy the goods would travel to their final destination, for example to Germany, the Netherlands, etc. After a while we encountered problems there too. We came up with new solutions to emerging problems and have come this far. Currently, **road transportation is the most practical way of transportation. However, it is expensive, because there are tariffs. Another problem is that our goods are allowed but they don’t allow the trucks carrying the goods cross the border. Visa is another barrier in the Logistics sector.** We have to apply for visa at least 2-3 weeks prior and we wait for additional 10 days to get the visa. How are we supposed to make good business if we lose so much time for the visa?

**90% of the equipments and machines we use in the Logistics sector are exported from the EU countries.** Prices we apply at harbours are competitive prices. When transporting goods to EU countries from Turkey, we have a railway crossing all the way from Turkey to Germany. **We have advantages in marine, road and railway transport.** We are not very active in terms of e-trade, but we are also not bad at airline transport. **The quality of our services are much better because we transport in time, under favorable conditions and economically. We do business with low profit and low cost; our profit margin is lower.** We are also leading the sector in terms of fleet, flexibility, storage and storehouse.

In Turkey, the Logistics Sector consists of both small, and medium sized enterprises, but there are more medium-sized enterprises than small-sized enterprises in our sector. Some of the small-sized enterprises faded out as a result of increase in scale and monopolization. Another reason for the small percentage of small-sized enterprises is that their product standards are not compatible with EU standards. To comply with the EU standards, they should be prompt, they should employ more people and make no compromises on the job. **The deepening of Customs Union results in a transition from small-sized to medium-sized enterprises.**

What needs to be done for SMEs in the Logistics sector within the Customs Union is that **we need transportation without restrictions. We need facilitating measurements, abolition of quotas, improvement in visa procedures and in tariffs (free movement of both goods and services, visa liberalization, etc.) Transport of services should be facilitated as well.** If such improvements are made, the Logistics sector can reach to its capacity and the SMEs will benefit from the Customs Union more effectively.

**SMEs should also be able to follow up on legislations from both sides. They should have access to the most recent and relevant rules, legislation changes, and information on the Customs Union.** SMEs should work with expert in order to access relevant information, but they don't know any experts to work with, how can they find the right person? **We need reliable information channels and administration channels where there is constant flow of information.**

In terms of investments, we do not have any restrictions and can invest in Europe, start a business in Europe, invest in partnerships, and open franchises in Europe.

As the SMEs in Logistics Sector, we are in favor of the modernization of Customs Union and we ask for services to be included, as well as for solutions to the above-mentioned problems.”