

Project Interview 2

Interviewee: Sefa Targit

Sector: Machine Manufacturing

Date: 10 September 2019

Location: Digital Transformation Center

Within the scope of the “Customs Union for SMEs” Project, we interviewed Mr. Sefa Targit who is representing the Machine Manufacturing Sector. Having graduated from the Faculty of Mechanical Engineering from Istanbul Technical University, Mr. Targit worked in the construction sector after his graduation and since 1992 he has been manufacturing elevator components in ASRAY. He is both Company Partner to and the Director General of ASRAY. Mr. Targit has memberships in several business organizations such as the Turkish Enterprise and Business Confederation (TÜRKONFED), and the Federation of Sectoral Associations (SEDEFED).

We asked Mr. Sefa Targit;

- 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. Sefa Targit’s response:

“In Turkey, the Machine Manufacturing sector is mainly composed of SMEs.

Since the 1995, with the Customs Union Agreement, we have harmonized our technical legislation with that of the EU. This has of course cleared the way for SMEs in our sector and resulted in **more foreign investment from EU countries to Turkey. However, without the visa liberalization foreign trade to EU is hindered.** We face difficulties when acquiring visa for company employees. As we are in the business of machine we also provide mounting services, maintenance services, etc., which means we need to send the necessary personnel to the countries we export to. **We need the service sector included in the Customs Union, otherwise we cannot benefit from the Customs Union efficiently. This is a crucial barrier in our sector.**

The very same problem also causes SMEs in our sector to fall behind on becoming high-tech companies. Because we have difficulties in sending our employees abroad either for technical services or for networking purposes (fairs, etc.) there is less information exchange, less examples of practices seen, less chances to see different technologies used in the business.

The current Customs Union is a 25-years-old agreement and it does not (and cannot) meet our needs today. If the services were included in the Customs Union, we would benefit more from the global supply chain as SMEs.

Other barriers important barriers causing SMEs not to be able to export more are; **access to finance** (for example, in Germany there are Hermes credits, whereas in Turkey we do not such credits available), **lack of sustainable and cheap energy resources** and **lack of trade finance**.

We should also mention that **the Free Trade Agreements between the EU and other countries, such as MERCUSOR countries, are downsizing our business in the EU and it affects our sector negatively.**

As the SMEs in Machine Manufacturing 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 barriers.”